

**Annual Report - 31 December 2025**  
*Providing Value to the People of the Cayman Islands*





To help the public  
service spend wisely

G

# CONTENTS

---

- Foreword by the Auditor General .....1**
- Our year in summary .....3**
- About the OAG .....4**
  - Public sector audit ..... 4
  - Statutory basis for our work ..... 4
  - Who we are and what we do ..... 5
  - Our vision, mission and strategy ..... 6
  - Our people ..... 7
- Strengthening public services .....10**
  - Key achievements in 2025 ..... 10
  - Timely conduct of high-quality, evidence-based, relevant audits..... 11
  - Impactful recommendations ..... 18
  - Follow up on implementation of recommendations ..... 19
  - Driving transparency and accountability in the public service ..... 20
  - Driving accountability ..... 22
- Demonstrating relevance .....23**
  - Key achievements in 2025 ..... 23
  - Focusing our work on important and priority issues ..... 24
  - Communicating clearly and effectively with stakeholders ..... 25
  - Ensure efficient and effective audits, leveraging technology ..... 27
  - Adding value to clients’ businesses ..... 27
  - Contributing to the regional and international audit community ..... 28
- Leading by example .....30**
  - Key achievements in 2025 ..... 30
  - Independence of the OAG..... 31
  - Proactively demonstrating good governance and high ethical standards ..... 31
  - Ensuring audit quality ..... 33
  - Contributing to the community ..... 34
- Developing our people .....36**
  - Key achievements in 2025 ..... 36
  - Providing continuous learning and development ..... 36
  - Exemplar employer ..... 38
  - Developing Caymanians in public sector audit ..... 40

<b>Our resources .....</b>	<b>41</b>
<b>OAG financial performance 2025 – Highlights .....</b>	<b>41</b>
<b>OAG staffing .....</b>	<b>46</b>
<b>Capital resources .....</b>	<b>47</b>
<b>Financial Statements 2025 .....</b>	<b>49</b>
<b>Appendix 1 – Public bodies audited by the Auditor General .....</b>	<b>80</b>
<b>Appendix 2 – Summary of reports issued to the PAC and in progress in 2025 .....</b>	<b>82</b>
<b>Appendix 3 – Outputs delivered .....</b>	<b>83</b>

# FOREWORD BY THE AUDITOR GENERAL

---

## Providing Value to the People of the Cayman Islands



I am delighted to present the Annual Report of the Office of the Auditor General (“Office” or “OAG”) of the Cayman Islands for the year ending 31 December 2025 in accordance with Section 69 of the *Public Management and Finance Act (2020 Revision)*.

This is my first Annual Report as Auditor General, after taking up post on 1 June 2025. I want to record my appreciation and gratitude to Sue Winspear who was Auditor General for almost nine years and left the post at the end of February 2025.

The Office had a successful year. We completed 39 (of 46) audits of the 2024 financial statements; 36 of these were completed by the statutory deadline of 30 April. It is worth noting that these audits were completed during the period when we did not have an Auditor General in post.

During the year, we completed six audits of prior year financial statements. At the year-end, 18 audits from prior years for seven public bodies and the entire public sector were outstanding. We are not making as much progress with backlogged audits as expected when we set up the dedicated backlog audit team in 2023. Therefore, I plan to change the approach during 2026 with a plan to get the backlogged audits back on track as soon as possible.

We continued to improve our annual General Report summarising the financial audits for 2024. I was disappointed to note that my team and private audit firms, working on my behalf, reported almost 340 adjustments valued at \$150 million that needed to be made to the 2024 financial statements. This means that significant improvements are needed in the quality of financial statements submitted for audit. However, it also means that boards and other decision makers are using inaccurate financial information during the year to inform decisions. The General Report also summarised 163 significant issues we reported to those charged with governance as a result of the 2024 financial audits. Most of these significant issues related to financial management and non-compliance with Acts and Regulations.

Sadly, our performance audit outputs suffered as a direct consequence of not having an Auditor General in post for three months and some 2024 audits not being completed by the statutory deadline of 30 April. We only published two performance audit reports during 2025. We had a further five performance audits and one public interest report in progress at the year-end, all of which will be published in 2026. I have decided to set up a dedicated performance audit team, which will be in place

from early 2026. This will help ensure that we have sufficient resources to deliver our performance audit programme and a steady flow of reports throughout the year.

I am pleased that we moved forward some of our corporate initiatives in 2025, including implementing our quality assurance framework and embedding IT audit work within our financial audits. Since taking up my post, we started to develop our new five-year strategic plan and worked on developing the Auditor General Act, both of which were ongoing at the year-end. We also started making better use of technology to drive efficiencies in our audit work and improve management information, which will continue for the foreseeable future.

The Cayman Islands election on 30 April, resulted in a new political administration coming into power, a new Public Accounts Committee (PAC) being formed, and reorganisation of the Cayman Islands Government. Since May, myself and my two Deputy Auditors General worked with the new PAC to build an effective relationship and support the PAC in improving accountability and transparency in the Cayman Islands public sector. The civil service reorganisation took effect from 1 July, and resulted in some ministries being renamed as departments were moved, and four ministries ceasing to exist. The audits of these discontinued ministries should have been completed by the end of 2025 but were not.

In addition to the previous Auditor General leaving, the Office experienced some staff turnover during the year. Four audit staff left the office, some having been with us for several years. I am delighted that they all moved onto posts elsewhere in the public sector, and most to more senior posts. As a result of these vacancies, and setting up the dedicated performance audit team, we welcomed four new audit staff during the year, with another due to start in early 2026. Since being appointed I have removed one Deputy Auditor General post.

I want to thank my management team and staff for the exceptional work done during the year, especially the period of transitioning to a new Auditor General.



Patrick O. Smith, CPA, CFE  
Auditor General

24 March 2026

# OUR YEAR IN SUMMARY

---



**\$1.4 billion**

**Public expenditure audited.**



**39**

**Audit opinions issued for the 2024 financial year.**



**177**

**Recommendations made from the findings of our 2024 financial audits.**



**6**

**Backlogged audits of public bodies and the entire public sector completed.**



**18**

**Backlogged audits at the end of 2025.**



**1**

**General Report on the 2024 financial audits published.**



**2**

**Performance audit reports published.**



**6**

**Performance audit recommendations made and accepted.**



**7**

**PAC meetings and hearings supported.**



**26**

**Staff at 31 December 2025.**



**79%**

**Staff engagement (2025 staff survey).**



**\$399k**

**OAG surplus for 2025 (\$4.3 million revenues generated and \$3.9 million expenditure).**

# ABOUT THE OAG

---

## PUBLIC SECTOR AUDIT

Governments and public sector entities are responsible for the use of resources and the delivery of public services. They must be held accountable, in accordance with the Acts and proper standards, to those who use and pay for the services provided. Public resources should be safeguarded, properly accounted for and used economically, efficiently and effectively.

Ministers, boards, chief officers, managers and public officials are primarily responsible for ensuring that public business is conducted in accordance with the Acts and proper standards, and that public money is handled with integrity and spent appropriately. Public bodies and those individuals responsible for conducting their affairs must discharge this accountability by establishing and maintaining proper governance arrangements and effective stewardship of the resources at their disposal.

The special accountabilities that attach to the conduct of public business, and the use of public money, mean that public sector audits must be planned and undertaken from a wider perspective than in the private sector. This means providing not only assurance on the financial statements but also assessing the legality, propriety, and the economic, efficient and effective use of public money.

Public sector audit is an important link in the chain of accountability. It strengthens accountability, both upward to the elected members who provide resources and are representatives of the people, and outward to citizens and users of public services. Public sector audit adds value, not only by reviewing and reporting on what happened, but also by looking forward, identifying where improvements can be made, and promoting good practice. In this way public sector audit contributes to improved standards of governance, better management and decision making, and more effective use of public money.

## STATUTORY BASIS FOR OUR WORK

The Cayman Islands Constitution requires that there shall be an Auditor General who shall have *“The power and responsibility to audit the public accounts of the Cayman Islands and the accounts and financial dealings of all authorities, offices and departments of Government and of all courts, and power to undertake value for money investigations in respect of the activities of such authorities, offices and departments.”*

The Constitution further states, *“In the exercise of his or her functions, the Auditor General (and any person acting on his or her behalf in the exercise of those functions) shall not be subject to the direction or control of any other person or authority, save that the Auditor General is answerable to the Public Accounts Committee of the Parliament and must attend upon the Committee at its request.”*

The Auditor General’s powers and duties are also set out in Part VII of the *Public Management and Finance Act*.

## WHO WE ARE AND WHAT WE DO

For the parliamentary system of government to work properly, it must have the public's confidence. The Government's programmes must be effective, transparent, and accountable to merit the public's confidence. One important responsibility of the Parliament is to hold the Government accountable for its management of public resources. This work is conducted primarily through the Parliament's Public Accounts Committee (PAC).

The Office of the Auditor General (the Office or OAG) contributes to the accountability process as the auditor of the Government, including all of its various types of public service bodies. The Office helps the Parliament, through the PAC, hold the Government accountable for how it manages public resources by undertaking financial statement audits for the entire public sector and all public sector bodies. Our performance audits promote the economic, efficient, and effective use of public resources. Our Office makes recommendations for improvement in the Government's management of public resources and public services through all of its work.

The Office's work and reports promote confidence in the Government. Legislators and the public are provided with critical information on whether the Government: has reliable plans, financial reports and performance information; and uses effective processes to safeguard the resources with which it is entrusted, including compliance with Acts, regulations and other relevant authorities.

The Office also:

- encourages discussion and debate about public sector management and accountability issues;
- provides advice to government committees;
- encourages professionalism in the public service;
- develops marketable professionals for the public sector and more widely;
- adheres to the professional assurance standards as published by the International Audit and Assurance Standards Board and the International Organisation of Supreme Audit Institutions (INTOSAI); and
- supports Supreme Audit Institutions (SAIs) in the Caribbean region, and globally, through the Caribbean Organisation of Supreme Audit Institutions (CAROSAI) and INTOSAI.

The Office's work and reports contribute to strong and effective processes and procedures, and informed decision making in the Government. This in turn helps the Government use sound management practices to achieve good results with public resources.

Our **VISION** is to help the public service spend wisely.

Our **MISSION** is to deliver independent, high-quality public-sector audit that promotes accountability, transparency, integrity, and value in the use of public resources.

Our vision and mission are supported by the five-year strategic plan for 2019–2023, which includes four strategic objectives. In 2024, the previous Auditor General announced her resignation with the departure date to be determined. Therefore, the Office decided to roll forward the 2019–2023 plan until a new Auditor General was appointed. The new Auditor General took up post in June 2025. In July 2025, the OAG created a Strategic Planning Team comprising its corporate management team, members from the practice management team and staff. This team will spearhead the development of the Office’s new strategic plan for 2026–2031. The planning team aims to finalise the updated strategic plan in the second quarter of 2026. Therefore, the 2019–2023 plan was in place for all of 2025.

## OUR STRATEGIC OBJECTIVES

**Strengthening** the **accountability, transparency, integrity** and **delivery** of public services through high quality audits

**Demonstrating** ongoing **relevance** to the people of the Cayman Islands, the Parliament and other stakeholders

Encouraging improvement through **leading by example**

Continuously **developing our people**

This Annual Report provides a summary of our performance against each of our strategic objectives, and a high-level summary of our resources. Detailed information on our financial performance for the year and financial position at the year-end is included in the audited financial statements on pages 49 to 79.

## OUR PEOPLE

The Auditor General is responsible and accountable for the overall management of the Office and is supported by the Deputy Auditors General (DAGs), who oversee the day-to-day operations; each taking responsibility for a specific area.

### OAG MANAGEMENT

During 2025, the Auditor General changed. The previous Auditor General, Sue Winspear, left post in February 2025 and the new Auditor General, Patrick Smith, took up post in June 2025. As a result, the Office removed the post of DAG (Corporate and Audit Quality) at the end of May. The remainder of the management structure continued during 2025 while the new Auditor General determines the ongoing structure needed.

OAG management is organised into two management teams – the Corporate Management Team and Practice Management Team.

#### Corporate Management Team

The Corporate Management Team (CMT) comprises the Auditor General, Deputy Auditors General and Corporate Services Manager. The CMT sets the policy direction, reviews the financial, staffing and overall performance of the Office and takes all decisions relating to the corporate functions of the OAG.



#### Patrick Smith

##### Auditor General

Patrick is responsible and accountable for all audit opinions given and the overall management of the Office. Patrick took up post on 1 June 2025.

## Angela Cullen

### **Deputy Auditor General (Performance Audit)**

Angela is responsible for managing our performance audit practice. Angela is also the Engagement Quality Reviewer for our in-house financial audits. Her corporate activities include operational planning, performance management and reporting, and media.



## Winston Sobers

### **Deputy Auditor General (Financial Audit)**

Winston is responsible for managing the financial audit practice (in-house). His corporate activities include resource planning.

## Katrina Thomas

### **Corporate Services Manager**

Katrina manages OAG's corporate functions.



### **Practice Management Team**

The Practice Management Team (PMT), comprises the Auditor General, Deputy Auditors General, and the four Audit Managers. The PMT sets the direction and oversees all audit practice related matters, including resourcing decisions and learning and development.



## Julius Aurelio

### **Audit Manager (Financial Audit and IT audit)**

Julius' role changed during the year, from Quality Assurance and Information Technology to Financial Audit and IT Audit. Julius manages a portfolio of in-house financial audits and all in-house IT audits. He also supports the corporate IT function.

## Adrian Murenzi

### **Audit Manager (Performance Audit)**

Adrian manages a portfolio of performance audits and financial audits (in-house and outsourced).



## Gabriel Ncube

### **Audit Manager (Financial Audit and Performance Audit)**

Gabriel manages a portfolio of financial audits (in-house and outsourced) and performance audits.

## Ruel Huet

### **Audit Manager (Financial Audit)**

Ruel manages a portfolio of in-house financial audits, including backlogged audits. In 2026 he assumed the role of Acting CFO.



As at 31 December 2025, OAG management was supported by a team of 17 audit staff and an administrative officer. The audit team includes 15 Audit Project Leaders, who are fully qualified members of professional accountancy bodies, an Auditor and one Audit Trainee. The Auditor is part-qualified. We provide more information about our staff in **Developing our People**.

# STRENGTHENING PUBLIC SERVICES

---

Our first strategic objective is strengthening the accountability, transparency, integrity and the delivery of services in the public sector.

As the auditor of government spending, our work gives us direct insight into how the public sector is operating and changing. As well as having direct interaction with every public entity each year, we also have an independent reporting role protected by legislation. We provide a credible, reliable and evidence-based source of information to government, legislators and society and can contribute to strengthening the public sector through our audits, by using our powers of reporting, and our interaction within and outside the public sector, on matters such as governance, accountability, financial sustainability and the efficient, effective and economic use of resources.

We set ourselves the following five goals to achieve this strategic objective:

1. Timely conduct of high-quality, evidenced-based, relevant audits.
2. Impactful recommendations.
3. Follow up on implementation of recommendations.
4. Drive transparency in the public service.
5. Drive accountability.

These goals are supported by a range of actions and success measures.

## KEY ACHIEVEMENTS IN 2025

In 2025 we:

- ✓ Completed the annual audit of the 2024 financial statements for 39 (of 46) public bodies; 36 by the statutory deadline of 30 April. All but one had an unqualified audit opinion.
- ✓ Issued and finalised 36 reports to those charged with governance on the findings from the 2024 financial statement audits. These reports included 177 recommendations; 75 per cent were accepted by audit clients. The recommendations aim to improve a range of issues including financial management, non-compliance with acts and regulations, IT, governance and value for money. We did not identify any significant internal control deficiencies for five public bodies.
- ✓ Published the annual General Report summarising the 2024 financial audits.
- ✓ Completed six audits from prior years. This included five public body audits from prior years; four had unqualified audit opinions and one qualified audit opinion. We also completed the entire public sector (EPS) consolidated financial statements for 2021; which received an adverse audit opinion.

- ✓ Published one performance audit report, which included 6 recommendations for improvement; all were subsequently accepted by management. We also published one performance audit report, which was originally prepared in October 2021.
- ✓ Worked on an additional five performance audits and one public interest report. One was in the reporting stage and others were at the examination stage at the year-end.

## TIMELY CONDUCT OF HIGH-QUALITY, EVIDENCE-BASED, RELEVANT AUDITS

The core activities of the OAG are the annual, financial audit of the Government and its agencies; and performance audits reporting on the economy, efficiency and effectiveness of public spending to the Parliament. Through these we hold the Government to account for its spending and for providing value for money in public services.

### FINANCIAL AUDIT

Our financial audit work helps the Parliament hold organisations to account for around \$1.4 billion of annual expenditures, over \$4.0 billion in total assets and \$1.5 billion in total liabilities. Our audits provide independent assurance to the Parliament on how public money has been spent, how revenue has been generated, and whether assets have been safeguarded and liabilities are fully recognised.

The *Public Management and Finance Act* sets the statutory deadlines for the submission of draft financial statements as end of February each year and states that the annual audits should be completed within two months, that is 30 April each year.

Our audit cycle covers three main elements: planning the audit, interim audit and completion of the audit.

### FINANCIAL STATEMENT AUDITS FOR 2024

Overall, the number of audits to be completed in 2025, for the 2024 financial year, was 46 (46 for the 2023 financial year).

By the end of the statutory deadline of 30 April, we completed the 2024 financial statements audits and issued audit opinions for 36 public bodies (Ministries, Portfolios and Offices and Statutory Authorities and Government Companies (SAGCs)). By the end of the year, we completed the audits and issued audit opinions for 39 public bodies (2024: 40). Of these 39 audits, 18 were of core government entities and 21 were SAGCs. The OAG team completed 35 audits and four were completed by audit firms. All but one of the 39 audit opinions issued for 2024 were unqualified; similar to the prior year.

Exhibit 1 shows the number and percentage of audits completed in each of the five years 2021 to 2025. Audits completed within each calendar year are of the financial statements for the previous financial year. That is, the audits completed in 2025 are of the 2024 financial statements.

**Exhibit 1 – Number and percentage of audits completed in 2025 and previous four years**

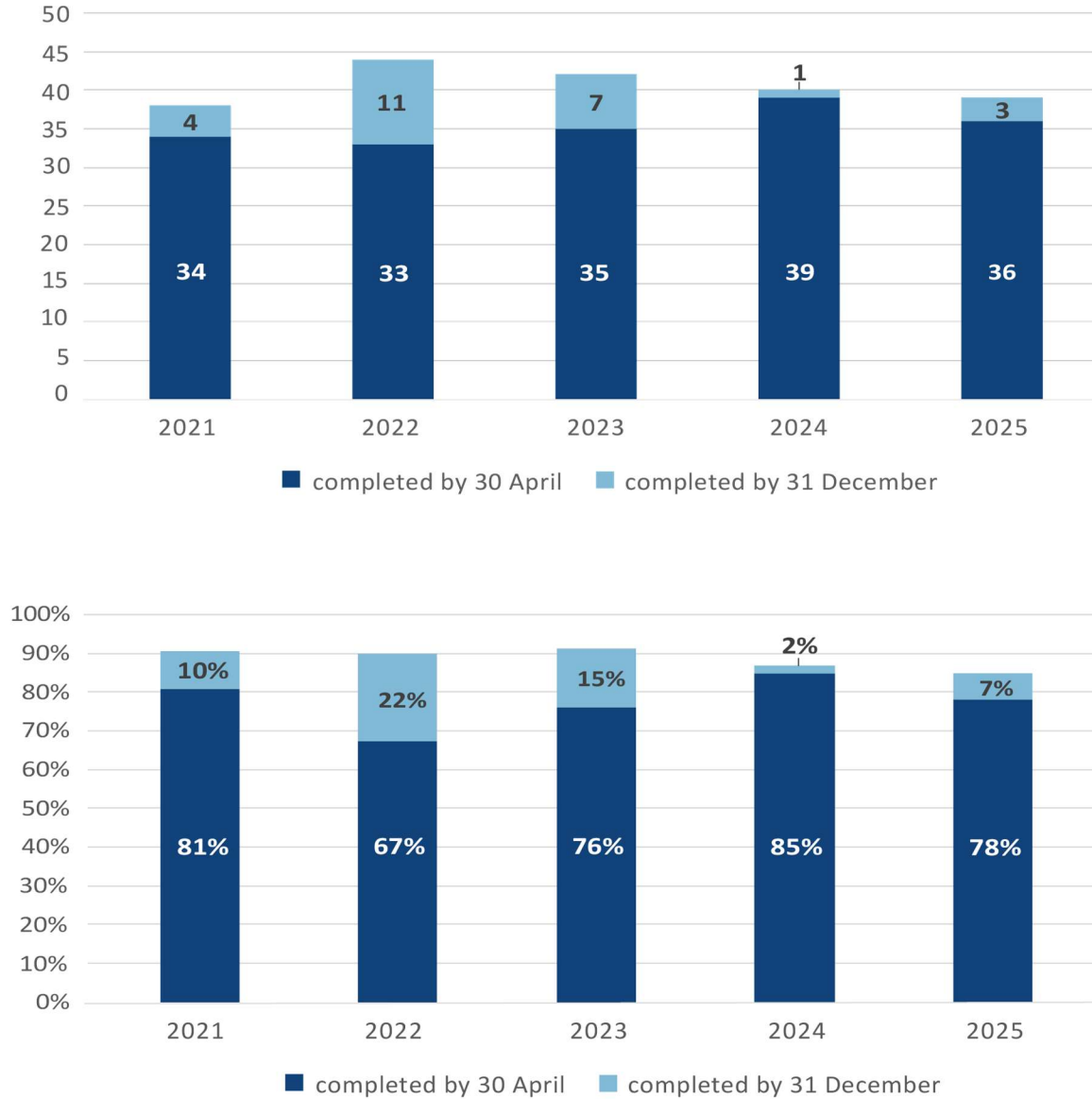


Exhibit 1 highlights that the number of entity audits completed by the statutory deadline of 30 April varied each year since 2021. The percentage completed by the same deadline also varies because of the total number of entities to be audited each year. The number completed by the statutory deadline in 2025 was lower than in 2024 but higher than previous years. The percentage of audits completed by the statutory deadline in 2025 was lower in 2022 and 2023, but higher in 2021 and 2024.

## REPORTING ON THE OUTCOME OF THE 2024 FINANCIAL AUDITS

Of the 39 audits completed, we had issued reports on the findings of the audit to those charged with governance for 36 public bodies by the end of the year. At the year-end, we were awaiting management response for three reports. These reports included 177 recommendations; 75 per cent were accepted by audit clients. We did not report any issues arising from the audit of five entities - the Cayman Islands National Insurance Company, the Ministry of Border Control, Labour and Culture, the Ministry of Youth, Sports and Heritage, the Office of the Police Commissioner and the Portfolio of the Civil Service.

## FINANCIAL STATEMENT AUDITS FOR 2025

During the year we started our 2025 financial statements' audits. We started planning our audits of the 2025 financial statements in September and carried out interim audit work for the majority of public bodies between October and November. The audits will be completed in 2026.

## BACKLOGGED AUDITS

During 2025 we continued to work cooperatively with our audit clients to try and clear the backlog of audits. We completed six audits from prior years.

- Four public bodies received unqualified audit opinions – the Ministry of Health (2019), Cayman Islands Airport Authority (2020), the Ministry of Planning, Agriculture, Housing, Infrastructure, Transport and Development (2023), and the Cayman Turtle Centre (2023).
- One public body received a qualified (modified) audit opinion – the Maritime Authority of the Cayman Islands (2023).
- The EPS consolidated financial statements for 2021 received an adverse audit opinion.

Exhibit 2 shows that we have consistently had a number of backlogged audits over the last five years, and these have steadily increased since 2021. As at 31 December 2025, a total of 18 financial statements' audits, including EPS, were outstanding. This is higher than the previous year (2024: 16).

**Exhibit 2 – Number of backlogged audits at the year-end, 2021–2025**

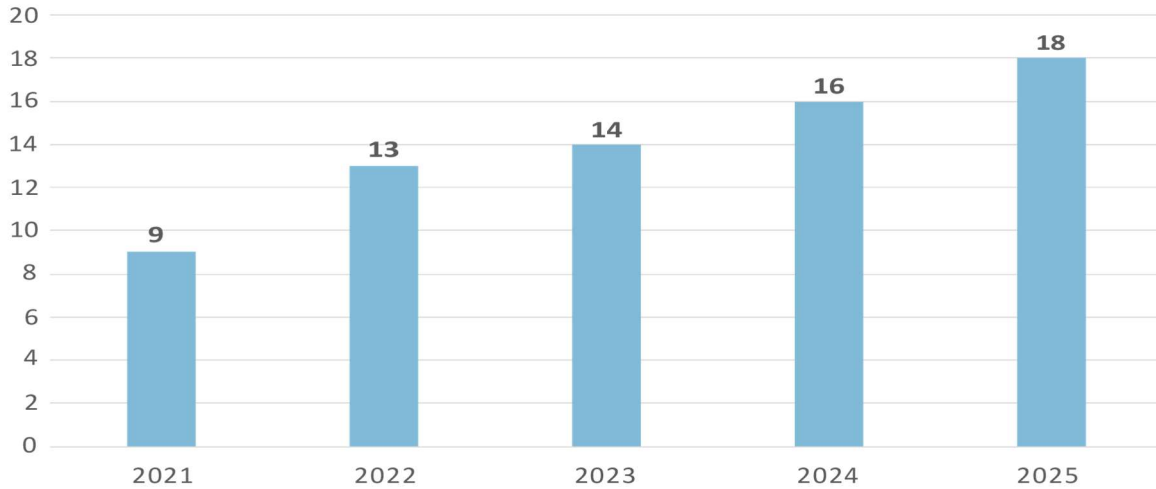


Exhibit 3 shows that the 18 backlogged audits at the end of 2025, covered seven public bodies and the EPS (discussed in the next section).

**Exhibit 3 – Backlogged audits at 31 December 2025**

Entity	Year(s) outstanding					Total
	2020	2021	2022	2023	2024	
Ministry of Health	✓	✓	✓	✓	✓	5
Ministry of Planning, Agriculture, Housing, Infrastructure, Transport and Development					✓	1
Cayman Islands Airports Authority		✓	✓	✓	✓	4
Cayman Turtle Conservation and Education Centre Ltd.					✓	1
Cayman Airways Limited					✓	1
Cayman Islands National Museum*					✓	1
National Housing Development Trust				✓	✓	2
Entire Public Sector			✓	✓	✓	3
<b>TOTAL</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>8</b>	<b>18</b>

*Note: The Cayman Islands National Museum’s 2024 financial statements were signed in January 2026 with an unqualified audit opinion.*

The Office created a dedicated team of staff to work on backlogged audits in late 2022. Until his appointment as Auditor General, the team was led by Patrick Smith, managed by Audit Manager, Ruel Huet and has two dedicated Audit Project Leaders. Winston Sobers, Deputy Auditor General (Financial Audit) has led the backlog team from June 2025. The team is supported by other staff at certain times of the year. This dedicated team has allowed us to continue to work on backlogged audits throughout the

year, including during our busy interim and final audit periods. However, we have not made as much progress as we had expected.

The main reasons for the growth in the backlog are the challenges with the quality of the accounts submitted. All of the backlogged public bodies either have poor supporting schedules or are subject to numerous audit adjustments. The Ministry of Health (MOH) and Cayman Islands Airport Authority specifically have posed long-term quality challenges, and despite our internal strategy to adopt a targeted backlog team, very slow progress has been made. Regarding the MOH, at the year-end the OAG was in discussions with the Ministry concerning a potential disclaimer of its backlogged accounts due to the lack of timeliness and value that the reporting information will bring to stakeholders.

#### ENTIRE PUBLIC SECTOR (EPS) FINANCIAL STATEMENTS

The EPS financial statements include all of the executive expenditures of Government, which include transfer payments, executive expenses and loan transactions. The EPS financial statements also include coercive revenues, that is, revenue earned by the core government using the coercive power of the state for which no direct exchange of service occurs. Neither executive expenditures nor coercive revenues are reported in the individual entity financial statements.

Exhibit 4 summarises the progress we have made with the audits of the EPS financial statements in the past decade. Our audit opinions on the EPS financial statements have remained adverse since 2014–15. We continue to issue adverse audit opinions as there are some significant issues that need to be addressed. We reported on these issues in our most recent General Report on the 2024 financial statements that we published in November.

#### Exhibit 4 – Progress with the EPS audits as at December 2025

Year	Date audit completed or progress	Audit opinion	Tabled in the Parliament
2024	Not started		
2023	In planning		
2022	In planning		
2021	03-Dec-25	Adverse	
2020	18-Dec-23	Adverse	
2019	05-Jul-22	Adverse	
2018	10-Aug-21	Adverse	08-Dec-22
2016-17	09-Sep-19	Adverse	08-Dec-22
2015-16	19-Oct-17	Adverse	16-Mar-18
2014-15	07-Dec-26	Adverse	24-Jun-16

As reported previously, the OAG set up a dedicated team to work on backlogged audits in late 2022. The audit of the EPS financial statements for 2021 was completed in December 2025. At the end of 2025, the OAG planned to audit the 2022 and 2023 EPS financial statements together and was awaiting updated information from the Ministry of Finance and Economic Development.

Although we have made progress with the EPS audit, it continued to be backlogged. As at 31 December 2025, the Ministry of Finance and Economic Development did not have final numbers because of delays with some financial statements' audits. During 2025, the EPS team continued to work on trying to improve the approach for roads valuation and addressing the valuation of the landfill remediation. These have taken longer than anticipated.

We previously expressed concerns about the transparency and accountability of the audited EPS financial statements as there were significant delays in tabling these in the Parliament. The most recent EPS financial statements tabled in the Parliament are for 2018, which were tabled in December 2022.

---

#### OTHER AUDIT AND STATUTORY WORK

During 2025, the Office completed the following two pieces of other statutory work:

- We completed the review of water rates for the Water Authority of the Cayman Islands as required by The Water Authority Regulations.
- We provided an auditor's certificate for the Cayman Islands Development Bank (CIDB). This is required under section 23 (3) of the *Development Bank Act (2004 Revision)* to certify that adequate procedures are in place for anti-money laundering.

---

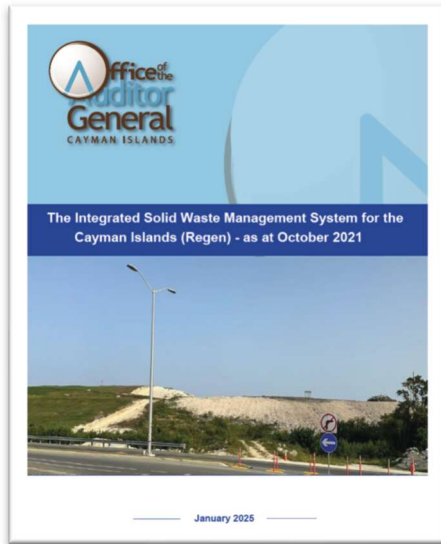
#### PERFORMANCE AUDIT

A fundamental part of our remit is to conduct audits of whether the Government and the wider public sector carries out their business economically, efficiently, and effectively.

We carry out our performance audits in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). In complying with the standards, the OAG follows a set methodology to ensure that the audits are appropriately planned, executed and reported. While there are several key elements of the methodology, the clearance of the draft audit reports with senior government officials is an important step that is carried out with every audit. In this step, senior officials, including the Deputy Governor for core government, confirm the factual accuracy of the information in the report before it is finalised and issued to the Parliament.

The Office may also publish public interest reports. These reports focus on important issues that the Office considers to be of public interest. They report facts only and do not include any conclusions or recommendations.

During 2025 we published two performance audit reports.



In January, we issued the report *The Integrated Solid Waste Management System for the Cayman Islands (ReGen) – as at October 2021*. This performance audit reviewed the project agreement the Government signed in March 2021. We provided the Government with the draft report in December 2021. The Government used our report as part of its ongoing negotiation with the contractor.

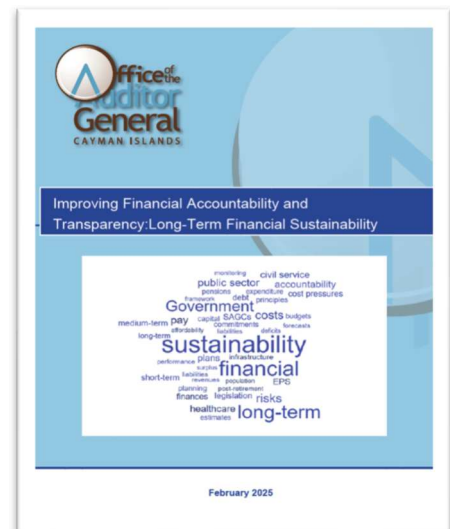
Our Office previously stated that we would publish the December 2021 report and an update after the Government had reached financial close on the ReGen contract. In July 2024, the Government announced that it planned to start negotiations to exit the project agreement. As a result, we issued the draft report from December 2021 to Parliament on 30 July 2024 and planned to publish the report on 1 August 2024.

However, the Government confirmed on the planned publication date that the report contained commercially sensitive information. The Government also stated, at that time, that it wanted to provide comments on the factual accuracy of the report from December 2021. The Office worked with the Ministry of Sustainability and Climate Resiliency to update the report for any factual inaccuracies as at December 2021 and redact commercially sensitive information.

The report found that more than seven years after procurement began, the Government and its preferred bidder had not reached financial close for ReGen. It also noted that ReGen’s estimated costs are likely understated and that no updated value-for-money assessment was conducted. Such an assessment would likely have shown that conventional funding or borrowing offered better value than the proposed Public Private Partnership model. The report also highlighted that the Project Agreement signed by the Government and ReGen’s preferred bidder included safeguards for most risks, but some safeguards needed to be strengthened.

In March, we issued *Improving Financial Transparency and Accountability: Long-Term Financial Sustainability*.

In 2019, the OAG started a performance audit on improving financial accountability and transparency. The audit planned to assess how effective the Government is at budgeting and financial management and reporting, to enhance transparency, accountability and long-term financial sustainability. In May 2020, the OAG decided to report on each of these three issues separately in a series of reports. The OAG published the first report, on budgeting, in December 2020 and the second report, on financial management and reporting, in May 2021.



The latest report found that between 2018 and 2023, Government expenditure grew at twice the rate of revenue, while public sector pay costs increased by over 50 per cent. It identified several risks and cost pressure on the Government's long-term financial sustainability. These include the financial impact of legislation, policies and strategies, rising pay and healthcare costs, increasing debt, demographic change, and the cost of building and maintaining public assets. The report stated that the Government sets out three-year plans and forecasts in each Strategic Policy Statement but does not adequately account for all commitments and cost pressures in the short and medium term.

As at 31 December 2025, work was underway on a further five performance audits and one public interest report. These were:

- Affordable Housing.
- Governance in Statutory Authorities and Government Companies (SAGCs).
- Grants to Non-Government Organisations.
- George Town Revitalisation.
- The Efficiency and Effectiveness of OfReg.
- Public interest report on public sector pay.

## IMPACTFUL RECOMMENDATIONS

An essential element of our role in strengthening public services is by providing insight to decision makers and making impactful recommendations to the bodies that we audit. It is important that our recommendations are accepted and implemented by bodies.

### FINANCIAL AUDIT

As reported previously, by the end of December 2025 we had finalised 36 reports to those charged with governance on the outcome of the 2024 financial audits. Within these reports, we made 177 recommendations for improvement. These recommendations covered a range of issues. The most common recommendations made were aimed at improving financial management, addressing non-compliance with acts and regulations, improving information technology (IT) controls, governance and value for money. Management within the 36 public bodies accepted 132 (75 per cent) of the 177 recommendations. This is a decrease from the prior year when 85 per cent of recommendations were accepted. It was unclear, if five (three per cent) had been accepted compared to 15 (15 per cent) in the prior year.

During the year, the OAG's technical team hired an actuary to assist in reviewing the liabilities relating to the defined benefit pension and post-retirement healthcare liabilities provided by the Core Government, and Statutory Authorities and Government Companies. The liabilities were estimated to be \$850 million and \$2.7 billion respectively as at 31 December 2024. The review will be based on IAS 19 compliance and the requirements of ISA 540.

The OAG's technical team was also in discussions with the Ministry of Finance and Economic Development concerning the Government's implementation of new accounting standards effective for reporting periods starting 1 January 2025, most notably IPSAS 43, IPSAS 45 and IPSAS 46.

#### PERFORMANCE AUDIT

Our performance audit work aims to improve the Government's governance structures, financial management. It also helps public service to become more efficient and effective and achieve better value for money.

During 2025, we made a total of 20 recommendations in two performance audit reports.

- *The Integrated Solid Waste Management System for the Cayman Islands (ReGen) – as at October 2021* included 15 recommendations. Most of our recommendations were intended to be used by the Government to improve the Project Agreement before it was finalised.
- *Improving Financial Transparency and Accountability: Long-Term Financial Sustainability* included six recommendations. The Government accepted five of these and rejected one, but later accepted it during the PAC hearing.

#### FOLLOW UP ON IMPLEMENTATION OF RECOMMENDATIONS

In our 2024 Annual report, we highlighted that the Government tabled the Government Minutes for the following seven PAC reports in Parliament in July 2024.

- Information and Communications Technology Authority 2015/16 Financial Statements.
- HSA Outpatient Pharmacy Services (November 2021).
- General Report for 31 December 2020 (December 2021).
- Follow Up on past PAC recommendations 2022 – Report 1 (January 2022).
- The Government's shift to online services (June 2022).
- General Report for 31 December 2021 (September 2022).
- Follow Up past PAC recommendations 2023 – Report 1 (March 2023).

However, the Government Minutes did not include an update position on the implementation of recommendations made by the OAG. Therefore, we were unable to report on progress with implementing the recommendations in these reports.

In February 2025, the PAC tabled its reports about *The Government's approach to sustainable economic development*. As at 31 December 2025, the Government had not tabled Government Minutes for this report. The PAC tabled its report on *Improving Financial Accountability and Transparency: Long-Term Financial Sustainability* in December 2025.

Therefore, we did not publish any reports following up on the implementation of past recommendations on performance audits made by the OAG and PAC in 2025.

## DRIVING TRANSPARENCY AND ACCOUNTABILITY IN THE PUBLIC SERVICE

A key focus in strengthening the public sector is ensuring that the Government and each entity operates using the highest level of transparency.

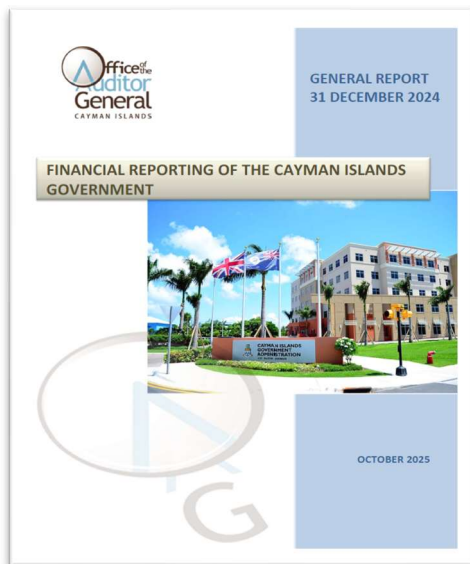
### CONDUCTING OUR AUDITS IN ACCORDANCE WITH INTERNATIONAL PROFESSIONAL STANDARDS AND IN A TIMELY WAY

We conduct our financial audit work in accordance with International Standards on Auditing (ISAs), also paying regard to ISSAIs. The audits are delivered by staff who are qualified members of professional accountancy bodies or working under a qualified member.

Three local audit firms conducted six financial statement audits on behalf of the Auditor General for the 2024 financial year. See Appendix 1 for a listing of auditors for public bodies.

As public auditors we ensure our independence and effectiveness through the application of a Code of Conduct prescribed by the International Federation of Accountants and ISSAI 30, along with the code of ethics for Supreme Audit Institutions. The Auditor General performs the role of the ethics partner and provides advice on compliance with the standards.

### SUPPORTING GOVERNMENT TO IMPROVE THE QUALITY OF ITS FINANCIAL REPORTING



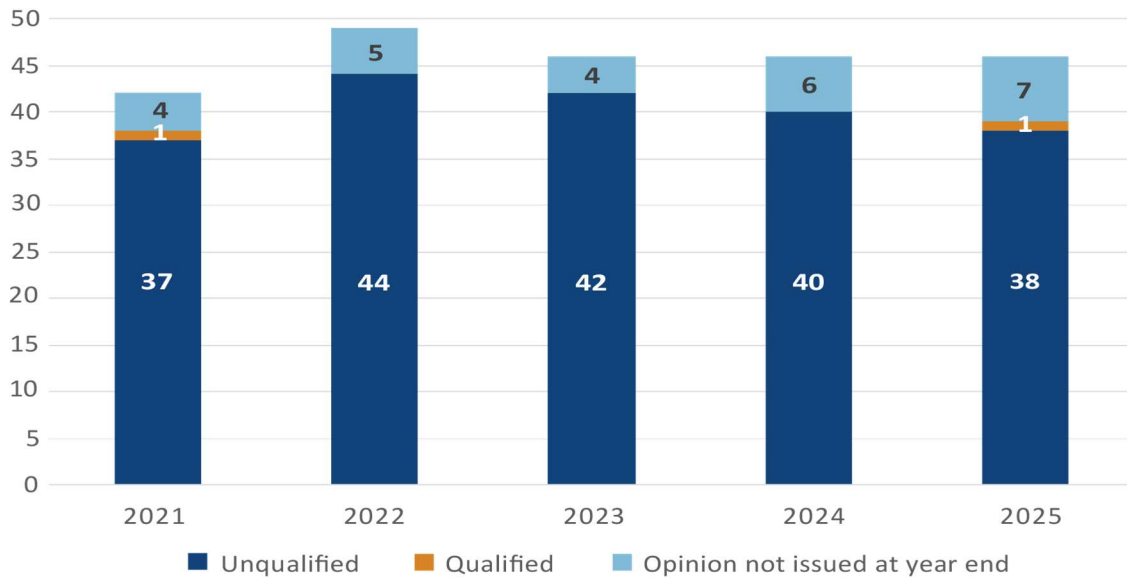
In October, we published *Financial Reporting of the Cayman Islands Government: General Report 31 December 2024*.

The General Report summarised the financial performance of core government entities and SAGCs for the 2024 financial year. The General Report concluded that while 38 out of 39 audit opinions for 2024 issued by 10 September 2025 had unqualified audit opinions, the quality of financial reporting needed to improve. In particular, the report raised concern about the number and value of audit adjustments made after the draft financial statements were submitted for audit.

The report raised concerns about the extent of non-compliance with Acts and regulations, specifically in relation to the *Procurement Act* and Regulations and the *Public Authorities Act*. This is a recurring theme from prior years.

Exhibit 5 summarises the audit opinions issued over the last five years 2021 to 2025 by the year end (for financial years 2020 to 2024). The exhibit shows that most entities receive unqualified audit opinions. As reported earlier, of the 39 audits completed for 2024 by the year end, all bar one received an unqualified audit opinion.

**Exhibit 5 – Audit opinions issued for entity financial statements by each year end in the five years 2021 to 2025, for financial years 2020 to 2024**



*Note: The exhibit excludes the financial statements for the entire public sector (EPS).*

An important part of accountability and transparency is the reporting of performance and publication of annual reports and financial statements. Public bodies routinely prepare annual reports to accompany their financial statements. In previous years, we have expressed concern about the tabling of Annual Reports in the Parliament. We are pleased to note that there has been a significant improvement in tabling Annual Reports and Financial Statements, which aids transparency.

Exhibit 6 provides a summary the number of public bodies’ financial statement audits completed, the number of backlogged audits, and the number of financial statements and annual reports tabled in the Parliament, at the end of 2025. The exhibit shows that for the five financial periods 2020 to 2024, 87 per cent of public bodies whose audits are completed have tabled their Annual Reports in Parliament. For the 2024 financial year, 69 per cent of audited public bodies had tabled their annual report and financial statements in the Parliament by the year-end.

**Exhibit 6 – Status of entity audits and Annual Reports tabled in Parliament for the five years 2020 to 2024 - as at 31 December 2025**

Financial Statements Year	Total number of entities to be audited	Audits		Annual Reports and Financial Statements tabled in the Parliament	
		Completed	Outstanding	Number	Percentage of completed audits with Annual Reports tabled
2024	46	39	7	27	69%
2023	46	43	4	35	81%
2022	46	44	2	42	95%
2021	49	47	2	43	91%
2020	42	41	1	40	98%
<b>Total</b>	<b>229</b>	<b>214</b>	<b>16</b>	<b>187</b>	<b>87%</b>

*Note: Financial statements are audited during the following financial year i.e., the 2024 financial statements were audited during 2025. The information in the exhibit is for public bodies audited by the OAG only. It excludes the OAG and EPS. Information on EPS financial statements and annual reports is included earlier at Exhibit 4.*

## DRIVING ACCOUNTABILITY

It is important that public sector officials respond appropriately and take actions on our findings and recommendations. We promote our findings and recommendations through the different accountability levels.

At the highest level, we work with the Parliament’s Public Accounts Committee (PAC) to ensure that they hold the Government accountable. We work closely with the PAC to promote effective management and greater accountability for public resources. See the next section on **Demonstrating Relevance** for a summary of our work with the PAC.

At the government level, the Auditor General attends the Government’s Audit Risk and Assurance Committee (ARAC) meetings. The ARAC was set up in 2019 as a result of recommendations made by our Office. The ARAC is intended to provide the Deputy Governor, as head of the civil service, with independent and objective advice on the comprehensiveness, reliability and integrity of assurances on government, risk management and control for the Cayman Islands Government. During the year the Auditor General or Deputy Auditors General attended the quarterly meetings of the ARAC.

Staff from the Office attended board and audit committee meetings of Statutory Authorities and Government Companies as necessary during the year.

# DEMONSTRATING RELEVANCE

---

Our second strategic objective is demonstrating ongoing relevance to the people of the Cayman Islands, the Parliament and other stakeholders.

We aim to demonstrate our relevance by considering the views of our external stakeholders, including those who use public services, and ensure that we are focusing on the areas most relevant to them.

We place great importance on relationships with all of our stakeholders. Our stakeholders are the Parliament and particularly the PAC, elected and appointed officials, public bodies, professional organisations, and all people of the Cayman Islands.

We want to be responsive to the challenges faced by the public, the expectations of different stakeholders, and the emerging risks and changes in the environment in which we conduct our work. It is also important that we continue to have a dialogue with stakeholders about how our work can facilitate improvement in the public sector.

We have set ourselves the following five goals to achieve the strategic objective of **demonstrating relevance**:

1. Focusing our work on issues of national importance or priority, and at a point in time when the impact is greatest.
2. Communicate clearly and effectively with stakeholders.
3. Ensure efficient and effective audits, leveraging technology where possible.
4. Adding value to clients' businesses.
5. Actively contributing to improving the regional and international audit community.

These goals are supported by a range of actions and success measures.

## KEY ACHIEVEMENTS IN 2025

In 2025 we:

- ✓ Achieved our performance outputs as agreed with the Parliament.
- ✓ Supported the PAC at seven meetings (four administrative meetings and three hearings on our reports), and in preparing three PAC reports.
- ✓ Published all reports and press releases on our website and promoted these on social media.
- ✓ Received positive feedback from our clients on the delivery of our 2024 financial audits in our client feedback meetings.

- ✓ Contributed to and supported remotely a range of regional and international audit developments.

## FOCUSING OUR WORK ON IMPORTANT AND PRIORITY ISSUES

We aim to be responsive to the challenges faced by the public, and the expectations of different stakeholders, and to emerging risks and changes in the environment we work in. It is essential, therefore, that we have continuous and effective dialogues with our stakeholders.

### SUPPORTING THE PAC

Our most important relationship is with the PAC and the support we provide to enable it to carry out its mandate.

On 19 June and 8 July, the Auditor General and Deputy Auditors General met with the newly appointed PAC members. The OAG provided members with an introductory briefing, covering the relationship between the Auditor General and the PAC, as well as overviews of the Performance Audit and Financial Audit practices.

On 28 August, the OAG presented its 2026–2027 budget to the PAC. Following queries to the Auditor General on various matters in the budget, the members of the PAC endorsed the OAG’s budget. The budget was presented and approved by the Parliament’s Finance Committee on 17 November.

During 2025, the PAC held a total of seven meetings (2024: seven). Four of these were administrative meetings. The PAC also held three hearings on three OAG reports.

During the year we presented three OAG audit reports to the PAC. These included (see Appendix 2 for detailed information on the reports published in 2025):

- Two performance audit reports; and
- The general report summarising the financial statements audits from 2024.

In January, the PAC held witness hearing on our performance audit report, *The Government’s approach to sustainable economic development* and *Financial Reporting of the Cayman Islands Government – General Report 31 December 2023* both of which we published in November 2024. The PAC also considered our performance audit report *The Integrated Solid Waste Management System for the Cayman Islands (ReGen) – as at October 2021* that we issued that month.

Regarding *The Government’s approach to sustainable economic development*, the PAC strongly endorsed and supported our four recommendations and made an additional three. Regarding *Financial Reporting of the Cayman Islands Government – General Report 31 December 2023*, the OAG did not make any recommendations in the report but the PAC made two recommendations after its hearing.

In June, the PAC considered our report *Improving Financial Accountability and Transparency: Long-Term Financial Sustainability* that we issued in February and agreed to hold a hearing on the report. The PAC

requested another briefing about this report, which we gave in August. In September, the PAC held a witness hearing on this report. The PAC finalised and tabled its report from the hearing in December 2025

In October, the PAC considered our report, *Financial Reporting of the Cayman Islands Government – General Report 31 December 2024* that we published that month. The PAC decided to hold a hearing on this report in January 2026.

---

#### MEETING OUR PERFORMANCE AGREEMENT

Our Performance Agreement with Parliament for 2024 was to issue 3–5 reports to Parliament and have a further 2–3 audits in progress. As outlined in the previous section, **Strengthening Public Services**, we met this requirement. During 2025, we issued three reports and had a further six (five performance audits and one public interest report) in progress at the year-end.

---

#### PERFORMANCE AUDIT PROGRAMME

We continually review and refresh our performance audit (PA) programme to ensure that it is focused on important and high-risk issues. The OAG has a five-year rolling PA programme that we update annually.

We published our five-year PA programme for 2024 to 2028 in May 2024. We aim to align our PA programme with the Government’s priorities to demonstrate how we add value. After the General Election in April, the Government did not publish its 2026–2028 Strategic Policy Statement until October. Therefore, we started reviewing and updating our PA programme in the last quarter of the year, aiming to finalise it in Q1 2026 after consultations with H.E. The Governor, the PAC, the Senior Leadership Team in the Cayman Islands Government and the public. The revised PA Programme will cover the five years from 2026 to 2031.

#### COMMUNICATING CLEARLY AND EFFECTIVELY WITH STAKEHOLDERS

It is important that we engage and communicate effectively with our clients about our work and activities, and we are proactive in providing professional advice to Government without compromising our independence or duties to the Parliament. These activities help overcome resistance and remove barriers to improvement.

---

#### COMMUNICATING WITH STAKEHOLDERS

During 2025 the OAG team continued to meet and consult with stakeholders. We provided information and advice on many issues around areas including financial accounting, procurement, governance and programme management. Specific activities undertaken included the following:

- As reported earlier, the Auditor General changed during the year. Both Auditors General continued to meet the Governor and Deputy Governor regularly.

- The Auditor General, Acting Auditor General and other members of our Office attended PAC meetings in 2025.
- The Auditor General, and his Deputies as required, attended quarterly meetings of the Government’s Audit and Risk Assurance Committee.
- The Deputy Auditor General (Financial Audit) and his team met with the Financial Secretary, Board members and other key stakeholders throughout Government to apprise them of financial statement and compliance issues noted during the completed financial statements audits as well as emerging matters and the implications for future audits.
- The Deputy Auditor General (Corporate and Audit Quality) and his backlog team met with individual Chief Officers, Chief Executive Officers and Chief Financial Officers to discuss progress on backlogged audits. A number of technical issues affecting the progress of the audits were discussed and remedies and findings around quality of the accounts were highlighted.
- The Deputy Auditor General (Performance Audit) and her team met with the Deputy Governor, various Chief Officers, Chief Executive Officers, board members and senior public servants to discuss individual performance audits.
- The Auditor General and Office also continued to maintain strong working relationships with key partners such as the Office of the Ombudsman, Anti-Corruption Commission, the Financial Crimes Investigation Unit, Internal Audit Services, Cayman Islands Institute of Professional Accountants (CIIPA) and private sector audit firms.

---

#### HOW WE COMMUNICATE WITH THE PUBLIC

We engage with the wider public through our website and social media. We publish all of our reports and press releases on our website and promote these through social media. Our website can be found at [www.auditorgeneral.gov.ky/](http://www.auditorgeneral.gov.ky/).





We issue press releases to all of the media outlets in the Cayman Islands for all of our published reports and other information that we want to put into the public domain. During the year, we distributed four press releases to the media. Three of these related to published reports (see previous section on **Strengthening Public Services**). The fourth was about a public survey we were performing in relation to our ongoing performance audit of the George Town Revitalisation Initiative.

In 2025, the OAG was mentioned in several news articles by media outlets in the Cayman Islands. These articles highlighted a wide variety of our reports from 2025 and previous years, evidence given to PAC hearings, OAG activities and the appointment of a new Auditor General in May.

We also use social media to promote our work and activities. Our main social media activity is through our Facebook page ([www.facebook.com/Office-of-the-Auditor-General](http://www.facebook.com/Office-of-the-Auditor-General)), our LinkedIn account (<https://www.linkedin.com/company/office-of-the-auditor-general-cayman-islands>), our Instagram page ([www.instagram.com/oagcayman/](http://www.instagram.com/oagcayman/)) @oagcayman, and X (formerly known as Twitter) (<https://x.com/oagcayman>).

During 2025, we posted 108 items promoting our reports and other activities across the four social media platforms. The majority of these posts were on X. These posts generated a total of 613 reactions and 95 comments.

**Exhibit 7 – Social media activity in 2025**

					Total
Posts	29	27	16	36	108
Reactions	357	200	30	26	613
Comments	80	13	-	2	95

**ENSURE EFFICIENT AND EFFECTIVE AUDITS, LEVERAGING TECHNOLOGY**

The Office is continuing its work on the six strategic objectives for IT established in 2022, namely:

- Establishing and clarifying the corporate IT platform, governance and processes.
- Streamlining audit management software.
- Implementing data analytics to inform our audit risk assessments.
- Launching a new website and enhancing our social media engagement.
- Improving our audit knowledge base.
- Implementing business management software.

We continued to make progress on several of these objectives in 2025. We implemented a new time-tracking software (Clockify.com) at the start of 2025 (after a pilot run in December 2024). Clockify is cloud-based and aligns with data residency requirements (data sits in the European Union). It has improved staff experience with time reporting and has added features for leave management and project reporting. This has helped improve our business management.

In 2025, our financial audit practice fully implemented IT assessments performed by the staff assigned to the audits. We previously relied on a team of IT auditors, who were specifically trained. We continue to have a central IT audit team that provides the capacity to examine shared IT environments and applications, such as the core government network and IRIS. The IT assessments scheduled for the interim audit period in late 2025 were substantially complete at the year-end.

In 2026, we will review the IT strategic objectives when the new corporate strategy is finalised.

**ADDING VALUE TO CLIENTS’ BUSINESSES**

One of our purposes is to assist in identifying opportunities for our clients to improve their operations and effectiveness. We reported earlier on the impact as a result of our work.

Our usual practice is to ask audit clients for feedback on our work. We do this for both financial audit and performance audit. During 2025, we received positive feedback from our clients on the delivery of our 2024 financial audits in our client feedback meetings. We did not issue any client satisfaction surveys for performance audits in 2025.

## CONTRIBUTING TO THE REGIONAL AND INTERNATIONAL AUDIT COMMUNITY

As reported earlier we rolled forward our 2019–2023 strategic plan until the new Auditor General was in post. The strategic plan aims to secure our position as one of the leading small audit offices in the world. One of the ways that we do this is through actively engaging in the development of international audit practice. This allows us to assist in the capacity development of other public audit offices and improve our own approach by learning from others and developing our staff.

The Office continued to participate in a range of regional and international work during 2025.

### OUR WORK WITH CAROSAI AND IN THE CARIBBEAN REGION

The OAG is a member of the Caribbean Organisation of Supreme Audit Institutions (CAROSAI), which works to support and enhance the role of public audit offices throughout the region. The mission of CAROSAI is to *“contribute to its members becoming professional SAIs by supporting and promoting the strategic management, performance measurement and reporting in SAIs; the implementation of ISSAIs for high quality audits; and enhanced SAI Stakeholder engagement for greater audit impact.”*

### OUR WORK GLOBALLY

The OAG also contributes to the development of international public service audit practice through the International Organisation of Supreme Audit Institutions (INTOSAI) and its development arm, the IDI (INTOSAI Development Initiative). During the year, we were involved in the following initiatives:



- In February, Winston Sobers and Adrian Murenzi attended the CCOLA Financial Statement Symposium in Ottawa, Canada. The symposium included updates on some specific subject matters which may be of use to OAG for future financial audits, including the adopting new methodologies, IT audit and AI, and understanding assumptions used in audits. It also considered the reliability of data, conceptual reporting framework issues and preparedness for the implementation of new standards.
- In April, Angela Cullen and Gabriel Ncube attended the CCOLA Performance Audit Symposium in Ottawa, Canada. The symposium included sessions on different stages of performance audits for example evidence gathering, clearing findings, developing SMART recommendations, following

up on previous recommendations and auditing Government's preparedness and responses to natural disasters.

- In May, Winston Sobers, Deputy Auditor General (Financial Audit), attended the XIII Congress of CAROSAI in, Nassau, Bahamas. The theme was "Innovative Approach to Auditing Excellence," which brought together Supreme Audit Institutions (SAIs) from across the Caribbean as well as international partners and stakeholders to discuss key developments in public sector auditing and accountability. Winston moderated a session on Best Practices and Lessons Learned at the Congress. The attendance also provided networking opportunities with CAROSAI members from various audit offices to share ideas and intelligence.

The OAG continued to participate in the UK Overseas Territories "Better Governance of Public Finances" programme throughout the year:

- The Auditor General continued to participate in a number of leadership group sessions for the Auditor Generals of the UK Overseas Territories. These quarterly meetings provide an opportunity for the Auditors General to discuss matters of mutual concern, such as independence threats and new accounting and auditing standards, artificial intelligence usage in auditing, and succession planning for audit offices.
- In November, Patrick Smith and Winston Sobers attended a three-day UKOT workshop with several SAIs. These included the UK NAO, the Cayman Islands, Jersey, Gibraltar, St. Helena, and Montserrat. Topics discussed covered audit quality frameworks, technology, producing shorter, sharper VFM reports, audit backlog clearance strategies, auditor independence challenges, and resource planning. The workshop provided practical cross-jurisdictional comparisons relevant to smaller SAIs.
- As part of the programme, three audit staff participated in the mentoring programme to help develop their leadership and management skills and support them in the technical aspects of their roles. They were paired with mentors from other UKOTs. Angela Cullen, Deputy Auditor General (Performance Audit) continued as a mentor in the programme.



# LEADING BY EXAMPLE

---

## Our third strategic objective is encouraging improvement through leading by example.

As the country's external auditor reporting on how scarce public resources are used, it is very important that we lead by example in our conduct.

We aim to be agile, adapt to change and lead by example as individuals and as an organisation.

Staying the same or standing still is not an option for our Office. In our fast changing and evolving environment, auditing and the role of the auditor will continue to develop and change. International trends, such as rapid changes in technology, are also changing expectations among end users of audit and assurance information. Our ability to develop, adapt and be flexible is important to ensuring that we remain relevant and that we can remain a model organisation, leading by example locally, regionally and internationally.

The Office's core values are aimed at leading by example.

We have set ourselves the following three goals to achieve the strategic objective of **leading by example**:

1. Proactively demonstrating good governance.
2. Complying with international audit standards and good practice.
3. Operate to the highest ethical standards.

These goals are supported by a range of actions and success measures.

### KEY ACHIEVEMENTS IN 2025

In 2025 we:

- ✓ Obtained a clean audit opinion on our 2024 financial statements, with no control points raised by the auditor.
- ✓ Proactively disclosed information on our website in relation to senior management.
- ✓ Tabled our 2024 annual report in the Parliament and published it on our website.

#### OAG Core Values

**Professional** – competently carrying out independent and objective work, always striving to deliver a high-quality service

**Respect** – treating our employees, clients and stakeholders with respect and dignity

**Integrity** – conducting our work ethically, in a manner that creates confidence and trust in what we do

**Transparent** – accountability and transparency in the operations of the OAG

- ✓ Presented regular updates on our 2025 performance to the PAC and published quarterly performance reports.
- ✓ Updated relevant policies and published these on our website.
- ✓ Started to implement our system of quality management, including reviewing risks and completing cold reviews of audit files.
- ✓ Completed annual ethics training for all staff.
- ✓ Contributed to the local community.

## INDEPENDENCE OF THE OAG

The independence of the OAG is fundamentally important to the effective discharge of our constitutional responsibilities. The importance of independence for public audit offices was recognized by the United Nations General Assembly in December 2011 and Commonwealth Heads of Government in November 2013.

In the past there have been challenges to our independence, in particular there have been attempts to constrain our financial and human resources. In 2017, we carried out an analysis of the Office’s independence against the independence principles for supreme audit institutions, as part of the SAI PMF (Supreme Audit Institutions Performance Measurement Framework) assessment. The key challenge identified, at that time, was ensuring that the OAG is an independent entity in both substance and form. On the basis of this analysis a number of key changes to the statutory provisions relating to the establishment of the OAG were identified that should be developed, revised or strengthened.

These included the following:

- greater independence in all financial and administrative policy matters; and
- fixed tenure of office for future Auditor Generals.

We aim to achieve this through the establishment of an Office of the Auditor General Act to enhance the Office’s independence. The drafting of this legislation was ongoing at the year end.

## PROACTIVELY DEMONSTRATING GOOD GOVERNANCE AND HIGH ETHICAL STANDARDS

We aim to set a benchmark for the public sector in the way that we govern, manage and use public resources. We must ensure that we are open, transparent and accountable, and promote the standards that we expect of others.

## FINANCIAL AND PERFORMANCE MANAGEMENT AND REPORTING

The Corporate Management Team reviews our expenditure monthly, and financial performance quarterly. The Office received an unqualified audit opinion on its 2024 financial statements, which were submitted and audited ahead of the statutory deadlines. The PAC approved our 2024 Annual Report in June and it was tabled in the Parliament in the same month.

Our annual operational plan sets out the activities needed to deliver against our five-year strategic plan. The corporate management team reviews our performance on a quarterly basis. We use this information to make decisions and set priorities.



Our annual resource plan sets out how we intend to make the best use of our people to deliver against our operational and strategic plans. In doing this, we aim to manage the peak workloads, particularly for financial audits, and ensure that we can deliver our work plans and priorities for the entire office. The resource plan also helps us make decisions about workforce planning and recruitment. We review and update this regularly at our practice management team meetings.

---

#### EFFECTIVE RISK MANAGEMENT

Risk management is a key element of the Office's management framework that meets the requirements set out in the *Public Management and Finance Act* as well as auditing standards. The OAG manages risks to the achievement of both financial and operational objectives. The Corporate Management Team reviews the Office's risk register quarterly and ensures that there are appropriate management practices in place to mitigate the risks identified.

The Office has identified 15 risks and has categorised these risks across five broad categories: 1) strategic, 2) operational, 3) financial, 4) quality and 5) employees. Our approach to managing risks includes considering the likelihood and impact of their occurrence and the controls in place to help mitigate these risks. We actively monitor these risks and action was taken, and further actions are planned, to mitigate the risks. For 2025, all risks were effectively managed and mitigated with no instances of significant events or deviations from our operational plans.

Evidence of how the risks are managed can be found in the Office's [risk management policy and strategy](#).

---

#### BEING OPEN, TRANSPARENT AND ACCOUNTABLE

During the year, we continued to be open and transparent in our activities through the following:

- Proactively disclosing key information about key management personnel, that is the Auditor General and Deputy Auditors General. Disclosures include notices of interest, travel expenses, hospitality and gifts received and provided.
- Publishing the minutes of our Corporate Management Team meetings.
- Reporting our performance through quarterly reports and our annual report and accounts.
- Reviewing, maintaining and developing our policies, and publishing these on our website.

- Maintaining and developing our website and social media pages.

We publish this information on our website at <http://www.auditorgeneral.gov.ky/proactivedisclosure>

---

#### OPERATING TO THE HIGHEST ETHICAL STANDARDS

The ethics and independence of OAG staff are critical to the Office’s success. All members of staff are required to confirm compliance with the Code of Conduct and to report any potential conflicts of interest annually. The Corporate Management Team considered these declarations in February and used them to inform the allocation of audit work. For example, if a staff member has a potential conflict with any audit clients they are not permitted to work on the audits.

The OAG senior management declarations are posted on the OAG website <http://www.auditorgeneral.gov.ky/registerofinterests>.

We provide annual ethics and anti-fraud training for all of our staff.

---

#### COMPLYING WITH INTERNATIONAL STANDARDS

In June 2024, we published the final report from the IDI (INTOSAI Development Initiative) on its independent assessment of the OAG against the SAI PMF (Supreme Audit Institution’s Performance Measurement Framework done in 2022). Overall, the assessment showed improvement across a range of indicators over the five years since the previous assessment in 2017. In particular, our efforts in developing the financial audit and performance audit practices resulted in improvements. The report identified some areas for improvement, which we will use to inform our next strategic plan. The IDI’s next assessment is due in 2027.

#### ENSURING AUDIT QUALITY

We are required to carry out our financial audit work in compliance with International Standards on Auditing (ISAs). We have also incorporated some elements of the International Standards of Supreme Audit Institutions (ISSAIs), which expand on the ISAs for application in the audit of government entities. Our performance audit practice complies with the ISSAIs for performance audit.

The Office launched our performance audit manual in 2022 and our financial audit manual in September 2023. We continued to comply both manuals during 2025.

During the year:

- We completed cold reviews of financial audits.
- Incorporated improvements identified from the cold reviews into the financial audit practice for 2025 engagements.
- Our Corporate Management Team started reviewing audit quality management risks during the year.

Significant steps are planned for 2026 to further enhance the Audit Quality Management in the Office, including the following:

- The launch of our Audit Quality Management Policy.
- Cold reviews of both financial and performance audits.
- First annual report on audit quality management by the year-end.

We continue to find ways to ensure that our audit quality management is both effective and independent. To that end, we appreciate that the INTOSAI Development Institute (IDI) continued its capacity-building support to SAIs, including our Office.<sup>1</sup> The IDI recently launched the AQM – Audit Quality Management Specialist Certification programme, which will run through most of 2026. Our Audit Manager (Financial Audit and IT) was accepted to the programme. This will further strengthen our internal capacity for quality management and our ability to participate in the inter-SAI exchange of quality reviewers (usually cold reviewers). Through inter-SAI exchanges of certified specialists, we ensure independence and specialist skills are available for cold reviews.

## CONTRIBUTING TO THE COMMUNITY

During the year, our staff continued to support and participate in a wide range of community-based activities and projects.

In September, the Cayman Islands Government football competition kicked off, and the OAG, combined with the Internal Audit Services, entered a team that claimed 3<sup>rd</sup> place in the championship playoffs.

In October, OAG staff contributed \$2,000 to support Jamaican communities impacted by Hurricane Melissa through the Government’s CIG Cares Outreach Programme.



In November, the OAG celebrated Men’s health month with internal activities and workshops about mental health and suicide prevention and prostate cancer. At the end of the month, OAG staff delivered fliers about these topics to residents and visitors in the George Town area and donated about \$1,300 to the Cayman Islands Cancer Society.

<sup>1</sup> The International Organization of Supreme Audit Institutions (INTOSAI) is an autonomous, independent and non-political organization. It operates as an umbrella organization for the external government audit community. It is a non-governmental organisation with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations. INTOSAI’s website address is: <https://www.intosai.org/index.html>.

In November, the OAG entered a team in the Breast Cancer Foundation's (BCF) 24-hour pickleball tournament, Pickle Me Pink, contributing \$2,000 to the charity. Angela Cullen, Deputy Auditor General, also volunteered at several BCF events during the year, including the BCF's Pink Party in May and the pickleball tournament.

In December, two OAG staff participated in the Cayman Islands Marathon, running the half-marathon.

# DEVELOPING OUR PEOPLE

---

## Our fourth strategic objective is continuously developing our people.

Our staff are important to us, which is reflected in our final strategic objective ‘Developing our People’. We aim to be an exemplar employer, develop Caymanians in public sector audit, and provide opportunities for the continuous learning and development of our staff.

We have set ourselves the following three goals to achieve the strategic objective to **developing our people**:

1. Providing continuous learning and development.
2. Exemplar employer.
3. Developing Caymanians in public sector audit.

These goals are supported by a range of actions and success measures.

### KEY ACHIEVEMENTS IN 2025

In 2025 we:

- ✓ Achieved an overall engagement index of 79 per cent in the annual staff survey.
- ✓ Updated our learning and development plan.
- ✓ Provided development opportunities through a range of training courses, workshops and webinars, including technical updates for all audit staff and report writing training for new staff.
- ✓ Four staff completed their IPSAS qualification.
- ✓ Successfully completed three recruitment campaigns Audit Project Leaders.
- ✓ Welcomed four new staff to the OAG.
- ✓ Completed annual performance appraisals, using the OAG competency framework, for all staff.

### PROVIDING CONTINUOUS LEARNING AND DEVELOPMENT

The continuous development of our staff is important and it is essential that we have appropriately skilled and trained people to effectively deliver our mandate. This includes keeping our core financial audit skills up to date and developing our skills for performance audit and IT audit. Developing our skills also helps us contribute to wider government activities.

During 2025, we completed our annual review and update of our Learning and Development plan. This plan covers 12 months but spans two financial years as it is prepared after the annual performance appraisals that are completed mid-year. Our assessment of learning and development needed and what to prioritise was based on development needs identified by staff during their performance appraisals and at training events during the year, and development needs identified by management. The plan

aims to ensure that all staff are provided with suitable training opportunities to ensure continual professional development and other opportunities to support them to learn and grow, and help us deliver on our strategic priorities.

During the year our staff participated in a number of training and development events, as part of our annual plan, including the following:

- In January, staff participated in the OAG's annual retreat, which is essential time away from the office. Our retreat focused on the upcoming 2024 financial audits.
- In January, three staff attended online report writing training delivered by the Canadian Audit and Accountability Foundation.
- In January, all audit staff attended a training session on the requirements of the *Procurement Act*, delivered by the Deputy Director of the Central Procurement Office.
- In February, Winston Sobers and Adrian Murenzi attended CCOLA Financial Audit symposium in Ottawa, Canada.
- In April, Angela Cullen and Gabriel Ncube attended the CCOLA Performance Audit symposium in Ottawa, Canada.
- In June, all staff attended the OAG post-busy season debrief.
- In September, we held our annual interim audit launch. In this event we covered a range of topics including audit risks and issues, improvements in our audit approach and methodology, including the new financial audit manual, and various technical updates.
- In September, all audit staff attended the annual update on International Public Sector Accounting Standards (IPSAS) for public sector accountants and auditors, organised by CIIPA.
- An Audit Trainee and Corporate Services Manager participated in the Leadership Cayman programme, which is delivered by the Cayman Islands Chamber of Commerce. The programme lasts for six months and enables participants to develop new skills and learn information about the Cayman Islands' community and business sector.

In the 2025 staff survey (more detail on this in the next section) we scored 73 per cent for Learning and Development (2024: 71 per cent).

We continued to support our audit professional audit trainees with their studies and one passed one exam in 2025.

During the year, four staff completed their IPSAS qualification.

The OAG is an approved employer of the Association of Chartered Certified Accountants (ACCA), recognising the opportunities for professional development that the Office provides to team members who are ACCA qualified. Our staff performance appraisal template complies with the requirements for continued ACCA accreditation.

Julius Aurelio, Audit Manager, serves on CIIPA's training Committee.

## EXEMPLAR EMPLOYER

To effectively deliver on our mandate, it is essential that the Office has a motivated, skilled and high-performing workforce that can effectively meet the challenges demanded by our diverse range of work.

We provide information on our staffing profile in **Our Resources**, later in this report.

---

## WORKFORCE PLANNING AND ACTIVITIES

We did not achieve our target of developing a workforce strategy during the year because of other work commitments. Despite this, we continued to plan our workforce needs to ensure that we had sufficient resources to deliver on our objectives.

During the year, four audit staff left the OAG's employment. We are delighted that all staff have moved on to more senior positions in the public sector.

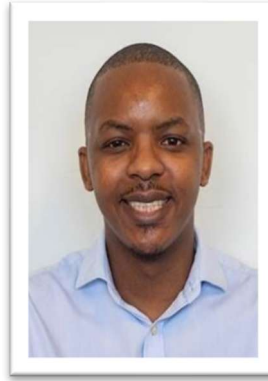
During the year, we welcomed four new staff to the Office. Four new Audit Project Leaders – Peter Bor, Lotoya Millings, Innocent Mbaguta and Alexander Karanja started in February, September and October respectively. Three of these staff were recruited on island and one from overseas. Another Audit Project Leader was recruited from overseas and is due to start in early 2026.



*Peter Bor, APL, started in February 2025*



*Lotoya Millings, APL, started in September 2025*



*Innocent Mbaguta, APL, started in September 2025*



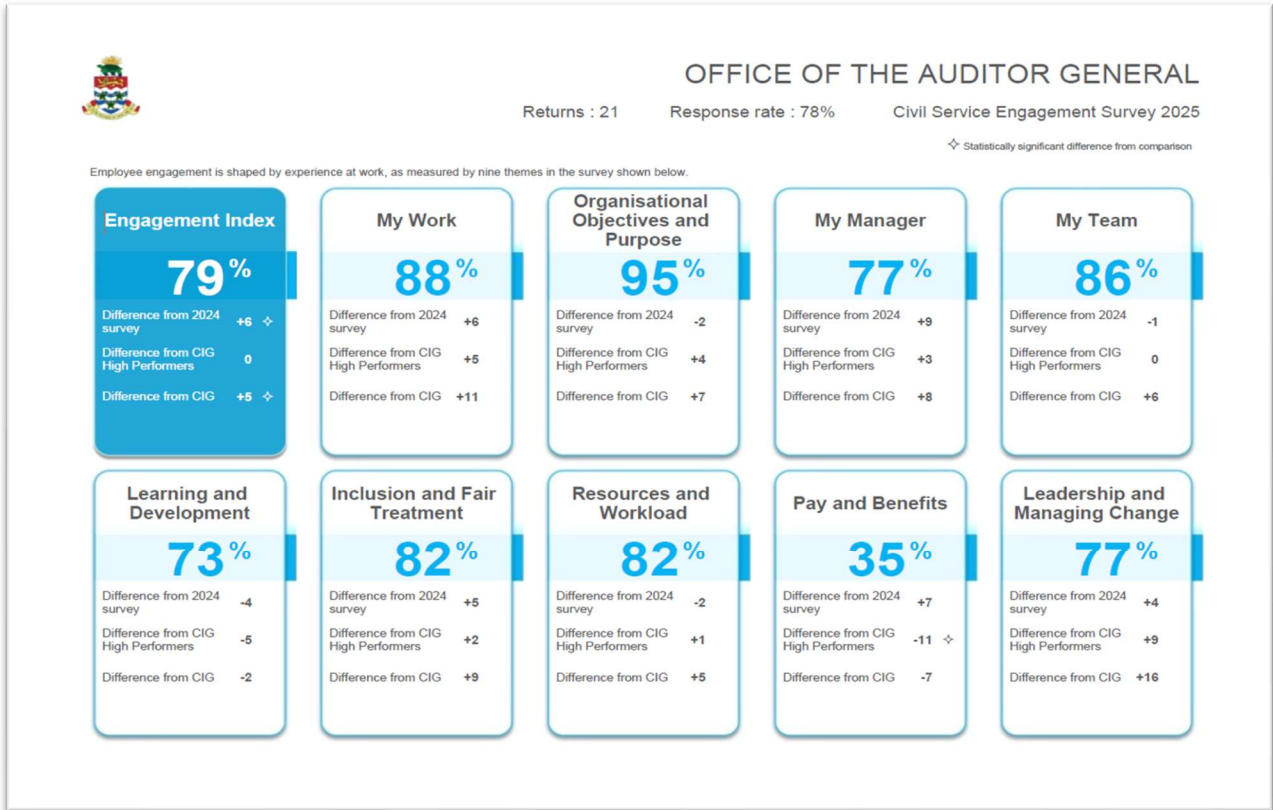
*Alex Karanja, APL, started in October 2025*

In addition to our staffing establishment, the OAG brings in additional temporary resources to help us during the peak financial audit periods. During 2025, we brought in one temporary staff to support the timely delivery of the 2024 financial audits. The private consultant, who has significant public sector audit experience, worked with us for the two months to support the delivery of three audits by the statutory deadline of 30 April. We also brought in one former employee as a temporary staff to assist with the completion of a backlogged audit.

STAFF ENGAGEMENT SURVEY

As in previous years, the Office participated in the Cayman Islands Government staff engagement survey in late 2025. This allows us to measure our own staff engagement and benchmark against the rest of the civil service. Exhibit 8 provides a summary of the staff survey results.

Exhibit 8 - OAG Employment Engagement Survey 2025



In 2025, 78 per cent of our staff responded to the survey (2024: 79 per cent) and the overall employee engagement was 79 per cent (2024: 73 per cent). The OAG’s employee engagement was five per cent higher than the overall staff engagement of the Cayman Islands Government.

Five out of nine engagement indicators were higher than the previous year, most notably *My Manager* and *Pay and Benefits*, albeit that pay and benefits had the lowest score of 35 per cent amongst all indicators. The OAG has limited control over pay and benefits as the staff are on the civil service salary scale. The largest decrease was 4 per cent in the Learning and Development engagement indicator.

STAFF PERFORMANCE APPRAISALS

Staff performance is managed through our performance management process. This process sets objectives, assesses performance and helps identify areas for development or training needs for professional development. The OAG competency framework and performance appraisal align with the global competency framework for public sector auditors.

The OAG performance appraisal process includes interim appraisals in the winter, after the interim audits, and formal annual performance appraisals in the summer, after financial statements' audits are completed. Managers carried out interim appraisals in January and annual appraisal in July and August.

---

#### RECOGNISING OUR STAFF

The OAG has a policy to formally recognise employees' contributions to the Office at five-year intervals. However, no staff celebrated work anniversaries with the OAG in 2025.

#### DEVELOPING CAYMANIANS IN PUBLIC SECTOR AUDIT

The Office had 26 staff at the end of the year, of which seven are Caymanian. Of these Caymanian staff, two are corporate and administrative staff, two are senior management and three are audit staff (one manager, one auditor and one audit trainee).

Our aim is to have a pipeline of Caymanians to fill OAG roles as vacancies arise. To help achieve this, we recruit only Caymanians to our audit trainee posts and support them with a comprehensive training programme and their professional accountancy qualifications. We continued to support our professional audit trainees with their studies. One of the two trainees passed two ACCA exams during the year but resigned in October 2025. We plan to recruit a replacement in early 2026.

Katrina Thomas, Corporate Services Manager, completed her legal exams in February. Katrina obtained a Graduate Diploma in Law.



Katrina and Jason Lee, Audit Project Leader, participated in the Leadership Cayman programme. This programme, organised by the Cayman Islands Chamber of Commerce, seeks to promote the development of leaders in the community and the workplace.

# OUR RESOURCES

---

This section provides a high-level summary of our use of financial, human and capital resources.

Detailed information can be found in the full audited financial statements of the OAG, which are in the next section of the report at pages 49 to 79. The audited financial statements also provide a variance analysis of actual financial performance to budget. Performance against our output agreement is in Appendix 3.

## OAG FINANCIAL PERFORMANCE 2025 – HIGHLIGHTS

The OAG is a trading entity, which means we generate revenues from the services that we provide. These revenues are expected to cover our operating costs.

---

### FINANCIAL PERFORMANCE

Overall, the OAG made a surplus of \$393,000 in 2025.

In 2025, the OAG generated total revenues of \$4,338,000. The OAG has the following two sources of revenue:

- **Audit services to PAC.** These revenues are charged to the PAC for performance audits, public interest reports, reports following up on previous recommendations, the annual general report on financial audits, and support to the PAC. The Auditor General's entire salary costs are recharged to the PAC.
- **Audit services to other government agencies.** These revenues are charged to audited entities for the annual audit of financial statements. We charge an annual audit fee to each of the ministries, portfolios, offices, SAGCs and for the EPS financial statements.

Exhibit 9 shows that the majority of our revenue in 2025 was from fees for the annual financial audits (\$3,384,000; 78 per cent). This revenue recovered all of the costs associated with delivering financial audits in 2025, including backlogged audits. The remaining 22 per cent of revenue was paid by the PAC for reports tabled in the Parliament (\$954,000).

**Exhibit 9 - OAG revenues 2025**



During 2025, the OAG incurred total expenditure of \$3,945,000. Exhibit 10 shows that the majority of this expenditure relates to personnel costs (\$3,509,000; 89 per cent). The remainder was on operating expenses (\$297,000; 7.5 per cent) and depreciation (\$139,000; 3.5 per cent).

**Exhibit 10 – OAG expenses 2025**



For transparency purposes, we provide further detail on some elements of our operating expenses below.

## SENIOR MANAGEMENT REMUNERATION

The remuneration and benefits of the OAG senior management during 2025 and 2024 are disclosed below in bands of CI\$5,000.

	2024		2025	
	Remuneration	Benefits	Remuneration	Benefits
	\$000	\$000	\$000	\$000
Auditor General * <sup>1</sup>	205-210	55-60	125-130	35-40
Deputy Auditor General (Corporate and Audit Quality) * <sup>2</sup>	120-125	20-25	95-100	-
Deputy Auditor General (Performance Audit)	140-145	30-35	145-150	30-35
Deputy Auditor General (Financial Audit)	150-155	20-25	145-150	25-30

*Notes:*

- *\*<sup>1</sup> The Auditor General changed in 2025. The previous Auditor General left post at the end of February 2025 and the new Auditor General took up post in June 2025. The 2025 figures reflect the total remuneration and benefits of both Auditors General.*
- *\*<sup>2</sup> The DAG (Corporate and Audit Quality) worked part-time and was on phased retirement. Therefore, no pension contributions were made. This DAG post ceased to exist after 31 May 2025. Therefore, 2025 figures for remuneration and benefits are for part of the year only.*

Remuneration includes salary, allowances and any additional remuneration for the pay out of annual leave and compensatory time paid during the financial year. Allowances paid during the year were honorarium, motor car upkeep and mobile phone allowances. Benefits include pension and health care insurance.

## PROFESSIONAL SERVICES AND SERVICE CONTRACTS

During the year we spent \$90,710 on professional services and other service contracts. Details on items of expenditure above \$1,000 is included below.

Vendor	Service	Fees & related costs (\$)
<b>Professional services:</b>		
<b>Alan Banks</b>	Financial statements audit support – consultant. Includes consultancy fees of \$24,125 and other costs (\$8,067) paid directly to vendors for travel, accommodation, rental car and work permit fees.	32,192
<b>Yolanda Clark</b>	Financial statements audit support – consultant	10,000
<b>Berman Fisher</b>	OAG Financial Statement Auditor	20,800
<b>Scott Carr Web Design</b>	OAG website hosting and maintenance	4,115
<b>Prepress Projects Ltd</b>	Report editing	3,275
<b>Studio Two Sixteen</b>	Graphic design for reports	1,975
<b>Dianna Little</b>	Graphic design for reports	1,563
<b>Other service contracts:</b>		
<b>Reliable</b>	Janitorial services	14,260
<b>Security Centre</b>	Security Services	1,391

The OAG auditor, Berman Fisher, completed the OAG’s financial statements audit for 2024 in 2025. The entire fee for the 2024 audit is included above.

The OAG commissioned two external consultants to support our financial audit practice during the year. One consultant supported the 2024 financial audit busy season in March and April. The other consultant supported the completion of one backlogged audit. The OAG paid a total of \$42,192 for these services, including payment for services, transport, accommodation and other on-island costs.

## TRAVEL AND SUBSISTENCE

The Office undertakes travel to conduct audit work, enhance competencies and skills of staff, and support the development of public sector auditing across the Caribbean region and internationally.

The table below sets out the taken we have taken over the past two financial years.

OAG travel	
2024	2025
Travel and Subsistence costs paid by OAG – \$17k	Travel and Subsistence costs paid by OAG – \$27k
<b>Cayman Brac</b> – Inventory counts for 2024 (December 2024)	<b>Cayman Brac</b> – Inventory counts for 2025 (December 2025)
<b>Jamaica, Kingston</b> – Attendance at INTOSAI IDI SOAQM workshop.	<b>The Bahamas, Nassau</b> – Attendance at the CAROSAI Congress
<b>Canada, Toronto</b> – Attendance at CCOLA Financial Audit and Performance Audit Symposiums.	<b>Canada, Ottawa</b> – Attendance at CCOLA Financial Audit and Performance Audit Symposiums.
<b>USA, Chicago</b> – Attendance at SHRM conference.	<b>USA, New York</b> – Audit of CIG overseas office.
<b>United Kingdom, London</b> – UKOT Better Governance Forum (the majority of costs covered by the UK Government).	<b>United Kingdom, London</b> – UKOT Better Governance Forum (the majority of costs covered by the UK Government).
<b>St Lucia</b> – Attendance at the International Parliamentary Union conference.	

## FINANCIAL POSITION

The OAG’s financial position at the end of December 2025 was total net assets of \$688,000.

We ended the year with total assets of \$3,875,000 of which \$3,324,000 was current assets.

Our total liabilities at the year-end were \$3,187,000. The majority of this relates to surplus payable of \$2,342,000 and lease liabilities of \$479,000. We did not repay any surplus in 2025. The office will liaise with the Ministry of Finance on our strategy for reducing the surplus payable balance in 2026.

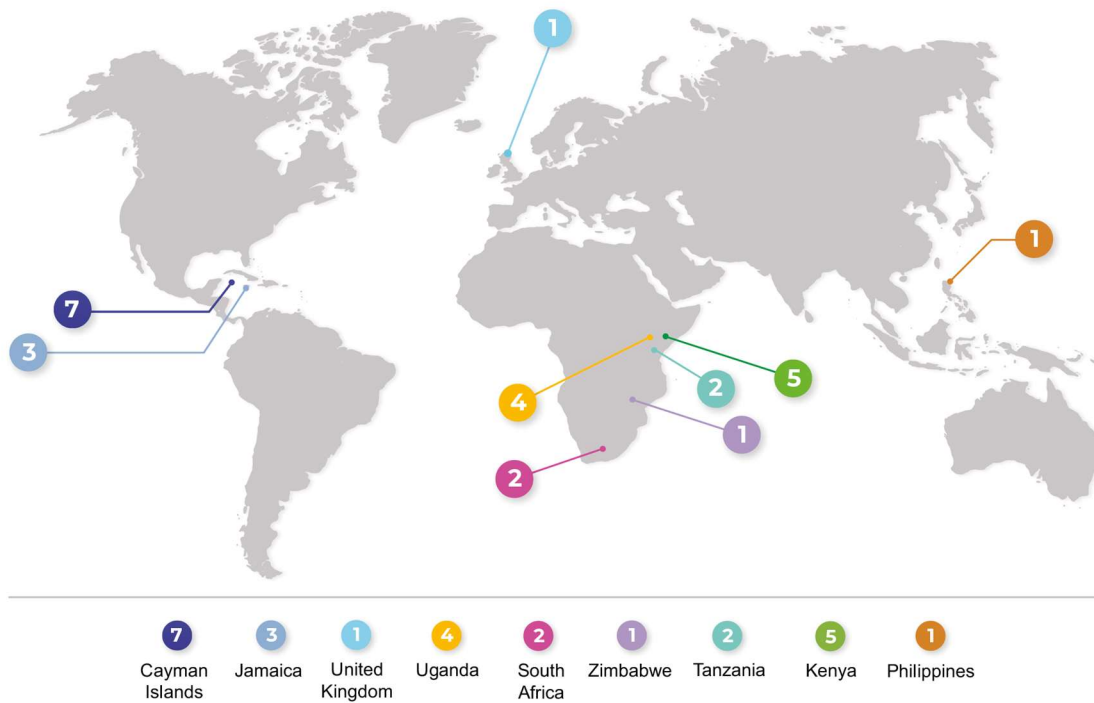
Financial Performance ratios	Actual	Original/Final Budget	Variance
<b>Current Assets: Current Liabilities (Working Capital)</b>	1.17	1.63	(0.46)
<b>Total Assets: Total Liabilities</b>	1.22	1.75	(0.53)

These ratios indicate that we were able to meet our current obligations as at 31 December 2025. The key contributor to the variance between the budgeted and actual ratio is the actual amount of surplus payable, which was significantly more than the amount budgeted.

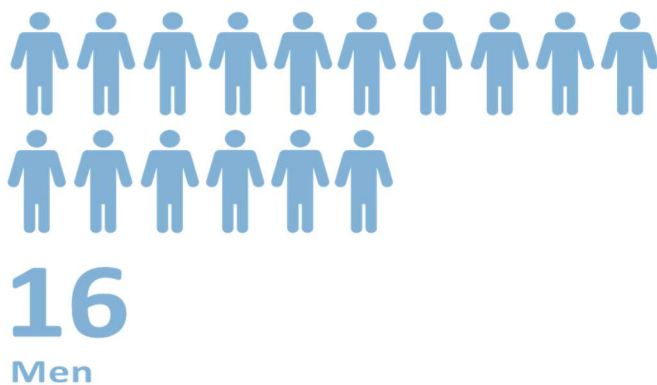
## OAG STAFFING

As at 31 December 2025, the OAG had 26 staff (budgeted staffing establishment was 29 FTE) (2024: 29).

The OAG has a diverse workforce with staff from nine different countries, including seven (27 per cent) Caymanians (2024: nine; 31 per cent).



The gender balance of OAG staff has changed again over the last year. At the end of December, of the 26 staff, 16 were men and 10 were women. (2024: 17 men, 12 women). Within senior management two were men and one was a woman. (2024: 2 men, 2 women).



## STAFFING CHANGES DURING THE YEAR

As reported earlier, the OAG management structure changed during the year. The previous Auditor General left at the end of February 2025 and the new Auditor General took up post on 1 June 2025. The post of Deputy Auditor General (Corporate and Audit Quality) was removed from 1 June.

Other staffing changes during the year include the following:

<b>Starters</b>	The new Auditor General took up post in June 2025 (previous OAG employee).  APLs – Peter Bor (February); Innocent Mbaguta (September); Lotoya Millings (September); Alexander Karanja (October)
<b>Leavers</b>	The Auditor General left at the end of February 2025.  APLs – Desmond Mutava (January); Sasha Rochester (May); Jason Lee (September) Andrew Browning (October)
<b>Interns</b>	Jenna McLaughlin; Aaron Hutchinson

## AVERAGE LENGTH OF SERVICE

At the end of December, the average length of service of all OAG staff (number of years employed) was 6.6 years. By type of staff this was:

Senior management	16.0 years (3 staff)
Professional and technical (audit)	4.7 years (21 staff)
Corporate and administrative	12.5 years (2 staff)

The average length of service of our audit staff slightly reduced since the previous year (2024: 6.9 years).

## CAPITAL RESOURCES

The Office's total assets at 31 December 2025 were \$3,875,000. This sum is largely made up of current assets, and specifically cash and cash equivalents and accounts receivable and work in progress.

Our actual physical capital measures for the year against budget are as follows:

Physical Capital Measure	2025	2025	
	Actual	Original/Final Budget	Variance
Value of total assets	3,875	2,875	1,000
Asset replacements: total assets	1%	0%	1%
Book value of assets: initial cost of those assets	40%	30%	10%
Depreciation: cash flow on asset purchases	35%	0%	35%
Changes to asset management policies	None	None	

Further information on our financial performance for 2025, including variance analysis, is included in our financial statements on pages 49 to 79.



**Audited Financial Statements**  
**31 December 2025**

# Office of the Auditor General Cayman Islands

## Statement of Responsibility for Financial Statements

These financial statements have been prepared by the Office of the Auditor General in accordance with the provisions of the *Public Management and Finance Act (2020 Revision)*.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Act (2020 Revision)*.

As Chief Officer and Chief Financial Officer, we are jointly responsible for the preparation of the Office of the Auditor General's financial statements and for the judgements made in them.

As Chief Officer and Chief Financial Officer, we are responsible for establishing; and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by the Act, and properly record the financial transactions of the Office of the Auditor General.

The financial statements fairly present the financial position, financial performance, changes in net assets/equity and cash flows of the Office of the Auditor General for the year ended 31 December 2025.

To the best of our knowledge, we represent that these financial statements:

- a) completely and reliably reflect the financial transactions of the Office of the Auditor General for the year ended 31 December 2025;
- b) fairly reflect the financial position as at 31 December 2025 and the performance for the year ended 31 December 2025;
- c) comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants.

HLB Berman Fisher conducts an independent audit and expresses an opinion on these financial statements. HLB Berman Fisher has been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.



---

Patrick O. Smith, CPA, CFE  
Chief Officer

DATE: 24 March 2026



---

Ruel Huet  
Acting Chief Financial Officer

DATE: 24 March 2026

**INDEPENDENT AUDITORS' REPORT  
TO THE PRESIDING OFFICER OF THE PARLIAMENT OF THE CAYMAN ISLANDS**

We have audited the accompanying financial statements of the Office of the Auditor General (the “Office”), which comprise the statement of financial position as at 31 December 2025, and the statement of financial performance, statement of changes in net assets/equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

**Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Office as at 31 December 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (“IPSAS”).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Office in accordance with the Cayman Islands Institute of Professional Accountants’ Code of Ethics for Professional Accountants (“CIIPA Code”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) both the ethical requirements that are relevant to our audit of the financial statements in the Cayman Islands, and we have fulfilled our ethical responsibilities in accordance with both the CIIPA Code and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

Management is responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IPSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Office’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Office or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Office’s financial reporting process.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)  
TO THE PRESIDING OFFICER OF THE PARLIAMENT OF THE CAYMAN ISLANDS**

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

This report, including the opinion, has been prepared for and only for the Presiding Officer of the Parliament of the Cayman Islands, as a body, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



**HLB Berman Fisher**  
24 March 2026  
Grand Cayman, Cayman Islands

**Office of the Auditor General Cayman Islands**  
**Statement of Financial Performance**  
**For the year ended 31 December 2025**  
(in Cayman Islands Dollars)

<b>2024 Actual</b>		<b>Note</b>	<b>2025 Actual</b>	<b>2025 Original Budget</b>	<b>2025 Final Budget</b>	<b>2025 Variance from Original Budget</b>
<b>\$000</b>			<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
	Current assets					
1,625	Cash and cash equivalents	<b>1</b>	1,868	1,121	1,121	747
1,332	Accounts receivable	<b>2</b>	1,433	1,437	1,437	(4)
10	Other receivables		6	-	-	6
14	Prepayments		17	-	-	17
<b>2,981</b>	<b>Total current assets</b>		<b>3,324</b>	<b>2,558</b>	<b>2,558</b>	<b>766</b>
	Non-current assets					
-	Accounts receivable	<b>2</b>	-	29	29	(29)
49	Property, plant and equipment	<b>3</b>	87	179	179	(92)
-	Right-of-use assets	<b>4</b>	464	-	-	464
<b>49</b>	<b>Total non-current assets</b>		<b>551</b>	<b>208</b>	<b>208</b>	<b>343</b>
<b>3,030</b>	<b>Total assets</b>		<b>3,875</b>	<b>2,766</b>	<b>2,766</b>	<b>1,109</b>
	Current liabilities					
91	Accounts payable and accruals	<b>5</b>	108	62	62	46
298	Employee entitlements	<b>6</b>	258	217	217	41
-	Lease liabilities	<b>4</b>	115	-	-	115
1,953	Surplus payable	<b>7</b>	2,342	1,367	1,367	975
<b>2,342</b>	<b>Total current liabilities</b>		<b>2,823</b>	<b>1,646</b>	<b>1,646</b>	<b>1,177</b>
	Non-current liabilities					
-	Lease liabilities	<b>4</b>	364	-	-	364
<b>2,342</b>	<b>Total non-current liabilities</b>		<b>364</b>	<b>-</b>	<b>-</b>	<b>364</b>
<b>2,342</b>	<b>Total liabilities</b>		<b>3,187</b>	<b>1,646</b>	<b>1,646</b>	<b>1,541</b>
<b>688</b>	<b>Net assets</b>		<b>688</b>	<b>1,120</b>	<b>1,120</b>	<b>(432)</b>
	Net assets/equity					
688	Contributed capital*	<b>8</b>	688	688	688	-
-	Accumulated surpluses/(deficits)*		-	432	432	(432)
<b>688</b>	<b>Total net assets/equity</b>		<b>688</b>	<b>1,120</b>	<b>1,120</b>	<b>(432)</b>

\*See Statement of Changes in Net Assets/Equity on page 55  
The accounting policies and notes on pages 57 to 79 form part of these financial statements.

Office of the Auditor General Cayman Islands  
Statement of Financial Position  
As at 31 December 2025  
(In Cayman Islands Dollars)

<b>2024 Actual</b>		<b>Note</b>	<b>2025 Actual</b>	<b>2025 Original Budget</b>	<b>2025 Final Budget</b>	<b>2025 Variance from Original Budget</b>
<b>\$000</b>			<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
	<b>Revenue</b>					
1,101	Audit services provided to Public Accounts Committee	<b>9</b>	954	1,248	1,464	(294)
3,147	Audit services provided to other government agencies	<b>9</b>	3,384	3,846	4,259	(462)
<b>4,248</b>	<b>Total revenue</b>		<b>4,338</b>	<b>5,094</b>	<b>5,723</b>	<b>(756)</b>
	<b>Expenses</b>					
3,621	Personnel costs	<b>10</b>	3,509	4,174	4,405	(665)
409	Operating expenses	<b>11</b>	297	865	1,262	(568)
19	Depreciation	<b>3, 4</b>	139	21	22	118
<b>4,049</b>	<b>Total expenses</b>		<b>3,945</b>	<b>5,060</b>	<b>5,689</b>	<b>1,115</b>
<b>199</b>	<b>Net surplus for the year</b>		<b>393</b>	<b>34</b>	<b>34</b>	<b>359</b>

The accounting policies and notes on pages 57 to 79 form part of these financial statements.

**Office of the Auditor General Cayman Islands**  
**Statement of Changes in Net Assets/Equity**  
**For the year ended 31 December 2025**  
(In Cayman Islands Dollars)

2024 Actual			2025 Contributed Capital  (Note 7) \$000	2025 Accumulated Surpluses / (Deficits) \$000	2025 Total Net Assets / Equity \$000	2025 Total Net Assets/Equity Original/Final Budget \$000	2025 Total Net Assets/Equity Variance from Original Budget \$000
\$000	Note						
688		<b>Opening Balance</b>	688	-	688	1,120	(432)
7		Prior period adjustment	-	(4)	(4)	-	(4)
199		Net surplus for the year	-	393	393	34	359
(206)	7, 8	Repayment of net surplus	-	(389)	(389)	(34)	(355)
<b>688</b>		<b>Closing balance</b>	<b>688</b>	<b>-</b>	<b>688</b>	<b>1,120</b>	<b>(432)</b>

The accounting policies and notes on pages 57 to 79 form part of these financial statements.

**Office of the Auditor General Cayman Islands**  
**Statement of Cash Flows**  
**For the year ended 31 December 2025**

(In Cayman Islands Dollars)

2024 Actual		Note	2025 Actual \$000	2025 Original/Final Budget \$000	2025 Variance from Original Budget \$000
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
	Receipts:				
1,331	Audit services provided to Public Accounts Committee		1,010	1,228	(218)
3,266	Audit service provided to other government agencies		3,226	3,696	(470)
	Payments:				
(3,563)	Personnel costs		(3,575)	(4,153)	578
(415)	Operating expenses		(258)	(859)	601
<b>619</b>	<b>Net cash flows generated from / provided by operating activities</b>	<b>14</b>	<b>403</b>	<b>(88)</b>	<b>491</b>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
(2)	Purchase of non-current assets	3	(51)	-	(51)
<b>(2)</b>	<b>Net cash flows used in investing activities</b>		<b>(51)</b>	<b>-</b>	<b>(51)</b>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
-	Lease payments	4	(109)	-	(109)
<b>-</b>	<b>Net cash flows used in financing activities</b>		<b>(109)</b>	<b>-</b>	<b>(109)</b>
617	<b>Net increase/(decrease) in cash and cash equivalents</b>		243	(88)	331
1,008	Cash and cash equivalents at beginning of year		1,625	1,209	416
<b>1,625</b>	<b>Cash and cash equivalents at end of year</b>	<b>1</b>	<b>1,868</b>	<b>1,121</b>	<b>747</b>

The accounting policies and notes on pages 57 to 79 form part of these financial statements.

# Office of the Auditor General Cayman Islands

## Notes to the Financial Statements

### For the year ended 31 December 2025

(in Cayman Islands Dollars)

#### BACKGROUND INFORMATION

The Office of the Auditor General Cayman Islands (the “Office” or “OAG”) is established under the Cayman Islands Constitution Order 2009 Section 114 as an independent public office. Its mandate and responsibilities are prescribed in sections 58 to 69 of the *Public Management and Finance Act (2020 Revision)* (“PMFA”). Revenue is derived from audit services provided to the Cayman Islands Government (the “Government”). The Office is dependent on this source of income to continue its operations. Some of the audit services are undertaken by private sector auditors appointed by the Auditor General.

The Office is located on the third floor, Anderson Square, Shedden Road, George Town, Grand Cayman. As at 31 December 2025, the Office employed 26 staff (31 December 2024: 29).

#### GENERAL ACCOUNTING POLICIES

##### BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Public Sector Accounting Standards (“IPSAS”) issued by the International Federation of Accountants and its International Public Sector Accounting Standards Board using the accrual basis of accounting.

New and revised accounting standards that are effective 1 January 2025:

The Office adopted *IPSAS 43, Leases* as of the transition date of 1 January 2025, replacing *IPSAS 13, Leases*.

IPSAS 43 primarily affects the accounting by lessees and will result in the recognition of almost all leases on the Statement of Financial Position. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the right-of-use asset, which will generally result in a higher charge recorded in the Statement of Financial Performance than under IPSAS 13. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term or a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

In accordance with the transitional provisions in IPSAS 43, the Office has adopted the modified retrospective approach under which the cumulative effect of initial application is recognised in opening equity at 1 January 2025. Accordingly, comparative information for the 31 December 2024 period has not been restated.

# Office of the Auditor General Cayman Islands

## Notes to the Financial Statements

### For the year ended 31 December 2025

(In Cayman Islands Dollars)

#### GENERAL ACCOUNTING POLICIES (CONTINUED)

##### BASIS OF PREPARATION (CONTINUED)

*IPSAS 44, Non-Current Assets Held for Sale and Discontinued Operations* (effective for periods beginning on or after 1 January 2025,) specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. It is anticipated that IPSAS 44 will not have a significant impact on the Office's financial statements. During the financial year ended 31 December 2025, the Office assessed that IPSAS 44, Non-Current Assets Held for Sale and Discontinued Operations, does not have any significant impact on its financial statements.

*IPSAS 45, Property, Plant, and Equipment* (effective for periods beginning on or after 1 January 2025) replaces *IPSAS 17, Property, Plant, and Equipment*. It adds current operational value as a measurement basis in the updated current value model for assets within its scope, identifies the characteristics of heritage and infrastructure assets, and adds new guidance on how these important types of public sector assets should be recognised and measured. During the financial year ended 31 December 2025, the Office assessed that IPSAS 45, Property, Plant, and Equipment, does not have any significant impact on its financial statements.

*IPSAS 46, Measurement* (effective for periods beginning on or after 1 January 2025) provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. During the financial year ended 31 December 2025, the Office assessed that IPSAS 46, Measurement, does not have any significant impact on its financial statements.

New and revised accounting standards issued that are not yet effective for the financial year beginning 1 January 2025 have not been early adopted by OAG. The Office's assessment of the impact of these new standards is set out below.

*IPSAS 47, Revenue* (effective for periods beginning on or after 1 January 2026) replaces *IPSAS 9, Revenue from Exchange Transactions*, *IPSAS 11, Construction Contracts*, and *IPSAS 23, Revenue from Non-Exchange Transactions*. IPSAS 47 is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement. It is anticipated that IPSAS 11 will not have a significant impact on the Office's financial statements. This will be assessed fully closer to the effective date of adoption.

*IPSAS 48, Transfer Expenses* (effective for periods beginning on or after 1 January 2026) provides accounting requirements for transfer expenses, and presents two accounting models based on the existence of a binding arrangement. This will be assessed fully closer to the effective date of adoption.

# Office of the Auditor General Cayman Islands

## Notes to the Financial Statements

### For the year ended 31 December 2025

(in Cayman Islands Dollars)

#### GENERAL ACCOUNTING POLICIES (CONTINUED)

##### BASIS OF PREPARATION (CONTINUED)

*IPSAS 49 Retirement Benefit Plans* (effective for periods beginning on or after 1 January 2026) establishes comprehensive accounting and reporting requirements for benefit plans of public sector employees. This will be assessed fully closer to the effective date of adoption.

*IPSAS 50, Exploration for and Evaluation of Mineral Resources, and Stripping Costs in the Production Phase of a Surface Mine* (Amendments to IPSAS 12), were issued in November 2024 and shall be applied for financial statements covering periods beginning on or after 1 January 2027 and relate to accounting by public sector mining entities. IPSAS 50 and the amendments to IPSAS 12 are not applicable to the OAG.

These financial statements have been prepared on a going concern basis and the accounting policies set out below have been applied consistently to all periods presented. The financial statements are presented in Cayman Islands dollars using the historical cost basis of accounting.

##### REPORTING PERIOD

The reporting period is for the 12 months ended 31 December 2025.

##### BUDGET AMOUNTS

The 2025 original budget amounts were prepared using the accrual basis of accounting and the accounting policies have been consistently applied with the actual financial statements presentation. The 2024 and 2025 original budgets were presented in the 2024 and 2025 Budget Statements of the Government of the Cayman Islands and approved by the Parliament on 23 December 2023.

##### JUDGEMENT AND ESTIMATES

The preparation of financial statements in conformity with IPSAS requires judgments, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period that is affected by those revisions. As at 31 December 2025, no reliable fair value estimate of contributed goods and services provided to the Office by government entities could be made, and therefore no estimated amounts are recorded in these financial statements.

# Office of the Auditor General Cayman Islands

## Notes to the Financial Statements

### For the year ended 31 December 2025

(In Cayman Islands Dollars)

#### GENERAL ACCOUNTING POLICIES (CONTINUED)

##### JUDGEMENT AND ESTIMATES (CONTINUED)

IPSAS 3 requires disclosure of any changes in accounting estimates and the nature, amount, and financial effect on present, past, and/or future periods. During the current reporting period, the only significant changes in judgments and accounting estimates related to the application of IPSAS 43, Leases. These changes primarily concern the determination of lease terms and discount rate. The nature and financial effect of these changes are detailed in Note 4.

#### SPECIFIC ACCOUNTING POLICIES

##### ASSETS

###### Cash and Cash Equivalents

Cash and cash equivalents include cash held in bank accounts in the name of the Office of the Auditor General maintained with the Royal Bank of Canada in the Cayman Islands.

###### Accounts Receivable

Accounts receivable are amounts due from customers for services performed in the ordinary course of business. Accounts receivable comprise balances due from other Government entities for audit services provided, including services to the Public Accounts Committee (PAC).

###### Property, Plant and Equipment

Property, plant and equipment are carried at historical cost (which includes direct acquisition costs) less accumulated depreciation and are depreciated on the straight-line basis at the following rates and estimated useful lives:

- Furniture and Fittings 11.11% (9 years) to 6.66% (15 years)
- Computer Equipment 33.33% (3 years)
- Office Equipment 33.33% (3 years) to 10% (10 years)
- Leasehold Improvements Over the term of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the period end. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

# Office of the Auditor General Cayman Islands

## Notes to the Financial Statements

### For the year ended 31 December 2025

(in Cayman Islands Dollars)

#### SPECIFIC ACCOUNTING POLICIES (CONTINUED)

##### LIABILITIES

###### Accounts Payable

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost.

###### Employee Benefits

###### a) Annual Leave Entitlement

Annual leave due, but not taken, is recognised as a current liability at the current rates of pay.

###### b) Pension Obligations

Pension contributions for employees of the Office are paid to the Public Service Pensions Fund (the “Fund”). The Fund is administered by the Public Service Pensions Board and is operated as a multi-employer non-contributory fund, whereby the employer pays both employer and employee contributions. Pension contributions are included in personnel costs in the statement of financial performance. During the years ended 31 December 2025 and 2024, all eligible employees of the Office belonged to the defined contribution plan. There were no employees during the year ended 31 December 2025 who reached retirement age and therefore was no longer eligible to participate in the defined contribution plan. One employee is currently on phased retirement and did not make pension contributions for the current year.

###### Surplus Payable

Pursuant to the *Public Management and Finance Act (2020 Revision)* (PMFA) section 39 (3)(f) the Office may “retain such part of its net operating surplus as is determined by the Minister of Finance”. Under section 67 of the PMFA every reference to a minister is to be interpreted as a reference to PAC. When surpluses arise, these are booked as a payable to the Cayman Islands Government unless the PAC directs that the surplus can be retained.

##### CONTRIBUTED CAPITAL

Contributed capital relates to initial working capital and start up cash provided to the Office, equity injections for fixed asset acquisitions that are funded by the Cayman Islands Government and contributed goods and services provided by Cayman Islands Government entities to the Office.

# Office of the Auditor General Cayman Islands

## Notes to the Financial Statements

### For the year ended 31 December 2025

(In Cayman Islands Dollars)

#### SPECIFIC ACCOUNTING POLICIES (CONTINUED)

##### REVENUE

###### **Audit Services Revenue**

The Office derives its revenue from the PAC and other government entities for audit services provided according to the provisions in the PMFA section 68(1). These services are defined in the PMFA, which includes: financial statement audit work; performance audits and investigations undertaken on the initiative of the Auditor General or at the request of the Parliament or any of its committees or subcommittees; and advice and assistance provided to the Parliament or to any of its committees or subcommittees. Audit services revenue is recognised in the accounting period in which it is earned, based on time incurred to date that is recoverable.

##### EXPENSES

###### **General**

Expenses are recognised when incurred on the accrual basis of accounting. In addition, an expense is recognised for the consumption of the estimated fair value of contributed goods and services received, when an estimate can realistically be made.

###### **Depreciation**

Depreciation of non-current assets is provided on a straight-line basis at rates based on the expected useful lives of those assets.

###### **Operating Leases**

All leases are accounted for by recognising a right-of-use asset and a lease liability, except for leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, including any contractual payments relating to extension options which are likely to be exercised by management. The discount rate used to determine the present value of the contractual payments is determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Cayman Islands Government's incremental borrowing rate on commencement of the lease is used or at reporting year-end.

**Office of the Auditor General Cayman Islands**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2025**  
(in Cayman Islands Dollars)

**SPECIFIC ACCOUNTING POLICIES (CONTINUED)**

**EXPENSES (CONTINUED)**

**Operating Leases (continued)**

The lease liability is presented as a separate line in the Statement of Financial Position. On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the agency if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

The lease liability is measured at amortised cost, using the effective interest rate method. The liability is reduced over time by the lease payments, with a portion recognised as interest expense.

Right-of-use assets are also presented in a separate line item in the Statement of Financial Position. Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the agency is contractually required to dismantle, remove or restore the leased asset.

Right-of-use asset is amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, this is judged to be shorter than the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

# Office of the Auditor General Cayman Islands

## Notes to the Financial Statements

### For the year ended 31 December 2025

(In Cayman Islands Dollars)

#### SPECIFIC ACCOUNTING POLICIES (CONTINUED)

##### FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Office's statement of financial position when the Office becomes a party to the contractual provisions of the instrument.

##### **Initial Recognition**

Financial assets and liabilities are initially measured at fair value. On initial recognition, transaction costs directly attributable to the acquisition or issue of financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate.

##### **Subsequent measurement and classification**

IPSAS 41 requires financial assets to be subsequently measured at fair value through surplus or deficit (FVTSD), amortised cost, or fair value through other comprehensive revenue and expense (FVTOCRE). Additionally, IPSAS 41 requires financial liabilities to be measured at either amortised cost or FVTSD.

This classification is based on the business model for managing financial instruments, and whether the payments are for solely payments of principal or interest on the principal amount outstanding. The Office assessed the business model for holding financial assets at the date of initial application. It determined that all of these are held to collect contractual cash flows that are solely payments of principal and interest. Therefore, financial assets are subsequently measured at amortised cost. Financial liabilities are subsequently measured at amortised cost.

Cash and cash equivalents, trade receivables and payables are recorded at amortised cost using the effective interest method less any impairment.

##### **Derecognition**

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Office has transferred substantially all risks and rewards of ownership. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expires.

**Office of the Auditor General Cayman Islands**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2025**  
(in Cayman Islands Dollars)

**NOTE 1: CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include a non-interest-bearing operating and payroll account held in the name of the Office of the Auditor General at the Royal Bank of Canada in the Cayman Islands. Although cash and cash equivalents on 31 December 2025 are subject to the expected credit loss requirements of IPSAS 41, no allowance has been recognised as the estimated allowance is negligible due to the high credit quality of the counterparty bank. The balances at 31 December were:

<b>2024 Actual</b>		<b>2025 Actual</b>	<b>2025 Original/Final Budget</b>	<b>2025 Actual vs. Original Budget</b>
<b>\$000</b>		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
1,625	Bank accounts	1,868	1,121	747
<b>1,625</b>	<b>Total cash and cash equivalents</b>	<b>1,868</b>	<b>1,121</b>	<b>747</b>

**Explanation of major variances against the original budget and prior year actual:**

Cash and cash equivalents are higher than the budget by \$747k. This is mainly as a result of the Office retaining more surplus earned in the prior year than was presented in the budget. Other factors are noted in the statement of cash flows and Note 14 reconciliation of net surplus to cash flows generated from operating activities.

**NOTE 2: ACCOUNTS RECEIVABLE**

<b>2024 Actual</b>		<b>2025 Actual</b>	<b>2025 Original/Final Budget</b>	<b>2025 Actual vs. Original Budget</b>
<b>\$000</b>		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
99	Audit services to PAC	42	200	(158)
1,233	Audit services to other government entities	1,391	1,266	125
1,332	<b>Total gross accounts receivable</b>	1,433	1,466	(33)
-	Less: allowance for credit losses	-	-	
<b>1,332</b>	<b>Total net accounts receivable</b>	<b>1,433</b>	<b>1,466</b>	<b>(33)</b>

# Office of the Auditor General Cayman Islands

## Notes to the Financial Statements

### For the year ended 31 December 2025

(In Cayman Islands Dollars)

#### NOTE 2: ACCOUNTS RECEIVABLE (CONTINUED)

##### Aging Analysis of Accounts Receivable and Work in Progress

2024 Actual	Accounts Receivable and Work in Progress	2025 Actual	2025 Original/Final Budget	2025 Actual vs. Original Budget
\$000		\$000	\$000	\$000
1,258	Current	1,312	-	1,312
64	Past Due 1-30 days	-	1,400	(1,400)
-	Past Due 31-60 days	-	-	-
1	Past Due 61-90 days	77	-	77
9	Past Due 91-180 days	15	37	(22)
-	Past Due 181-360 days	19	-	19
-	Past Due 1 year and above	10	29	(19)
<b>1,332</b>	<b>Total</b>	<b>1,433</b>	<b>1,466</b>	<b>(33)</b>

Accounts receivable comprise balances due from other government-related entities. The simplified approach to the recognition of expected credit losses, as prescribed by IPSAS 41, is applied to trade and other receivables. The simplified approach involves making a provision at an amount equal to lifetime expected credit losses.

The Office performed an individual-specific expected credit loss assessment of any related-party debtors with qualitative or quantitative factors indicating doubts about collectability. Given the low risk of default held by the Office, the impact of the expected credit losses on these has been estimated to be negligible. These have a low risk of default due to the Cayman Islands Government's high credit rating and absence of historical losses on amounts due.

The Office believes the amounts outstanding on related-party receivables are recoverable.

There have been no changes during the reporting period to the estimation techniques or significant assumptions used to measure the loss allowance.

There was no movement in the allowance for credit losses during the years ended 31 December 2025 and 2024.

#### **Explanation of major variances against the original budget and prior year actual:**

##### ***Accounts receivable for audit services provided to PAC:***

The decrease in accounts receivable compared with the budget and the prior year is due to timelier requests for funding for services provided to the PAC during the year ended 31 December 2025. Additionally, some performance audit work did not progress as planned in 2025, see Note 9.

**Office of the Auditor General Cayman Islands**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2025**  
(in Cayman Islands Dollars)

**NOTE 2: ACCOUNTS RECEIVABLE (CONTINUED)**

**Explanation of major variances against the original budget and prior year actual (Continued):**

***Accounts receivable for audit services provided to other government entities:***

The increase in accounts receivable relative to the budget and the prior year is due to higher-than-anticipated billings in the last quarter. This rise is attributed to greater participation by audit clients in this year's interim audit and to additional audits of the three discontinued entities as at 30 June 2025, following the Cayman Islands Government reorganisation after the April 2025 election.

**NOTE 3: PROPERTY, PLANT AND EQUIPMENT**

	Work- in- Progress \$000	Furniture and Fittings \$000	Office Equipment \$000	Computer Equipment \$000	Leasehold Improvements \$000	Total \$000	Original/Final Budget \$000	Actual vs. Original Budget \$000
<u>Cost</u>								
At 1 January 2025	-	128	51	46	14	239	352	(113)
Additions	45	-	1	5	-	51	-	51
Disposals	-	(4)	(21)	(46)	-	(71)	-	(71)
At 31 December 2025	45	124	31	5	14	219	352	(133)
<u>Accumulated Depreciation</u>								
At 1 January 2025	-	86	44	46	14	190	152	38
Accumulated depreciation on disposals	-	(4)	(21)	(46)	-	(71)	-	(71)
Depreciation charge for the year	-	15	3	-	-	18	21	(3)
Adjustments	-	-	(5)	-	-	(5)	-	(5)
At 31 December 2025	-	97	21	-	14	132	173	(41)
<b>Net book value at 31 December 2025</b>	<b>45</b>	<b>27</b>	<b>10</b>	<b>5</b>	<b>-</b>	<b>87</b>	<b>179</b>	<b>(92)</b>

**Office of the Auditor General Cayman Islands**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2025**  
(In Cayman Islands Dollars)

**NOTE 3: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	<b>Furniture and Fittings \$000</b>	<b>Office Equipment \$000</b>	<b>Computer Equipment \$000</b>	<b>Leasehold Improvements \$000</b>	<b>Total \$000</b>	<b>Original/Final Budget \$000</b>	<b>Actual vs. Original Budget \$000</b>
<u>Cost</u>							
At 1 January 2024	128	51	46	14	239	247	(8)
Additions	-	2	-	-	2	105	(103)
Disposals	-	(2)	-	-	(2)	-	(2)
At 31 December 2024	128	51	46	14	239	352	(113)
<u>Accumulated Depreciation</u>							
At 1 January 2024	71	42	46	14	173	132	41
Accumulated depreciation on disposals	-	(2)	-	-	(2)	-	(2)
Depreciation charge for the year	15	4	-	-	19	20	(1)
At 31 December 2024	86	44	46	14	190	152	38
<b>Net book value at 31 December 2024</b>	<b>42</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>200</b>	<b>(151)</b>

**Explanation of major variances against the original budget:**

During the year ended 31 December 2025, property, plant and equipment was \$92k below budget, mainly due to the planned office space fit-out in the 2024-2025 budget being deferred until 2026. Work-in-progress represents the custom-built computers for the Office that did not arrive by the end of the year. Additionally, during the financial year, obsolete assets with no salvage value across different classes were derecognised; the assets had a net book value of zero, so no loss was recognised on derecognition.

**Office of the Auditor General Cayman Islands**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2025**  
(in Cayman Islands Dollars)

**NOTE 4: RIGHT-OF-USE-ASSETS / LEASE LIABILITIES**

The statement of financial position shows the following amounts relating to leases:

<b>2024 Actual</b>		<b>2025 Actual</b>	<b>2025 Original/Final Budget</b>	<b>2025 Actual vs. Original Budget</b>
<b>\$000</b>		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
	<b>Right-of-use assets</b>			
-	Lease properties	464	-	464
<u>-</u>	<b>Total</b>	<u>464</u>	<u>-</u>	<u>464</u>

<b>2024 Actual</b>		<b>2025 Actual</b>	<b>2025 Original/Final Budget</b>	<b>2025 Actual vs. Original Budget</b>
<b>\$000</b>		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
	<b>Lease Liability</b>			
-	Current	115	-	115
-	Non-current	364	-	364
<u>-</u>	<b>Total</b>	<u>479</u>	<u>-</u>	<u>479</u>

The statement of financial performance shows the following amounts relating to leases:

<b>2024 Actual</b>		<b>2025 Actual</b>	<b>2025 Original/Final Budget</b>	<b>2025 Actual vs. Original Budget</b>
<b>\$000</b>		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
-	Depreciation charge of right-of-use assets	121	-	121
-	Interest expense (included in operating expenses)	30	-	30
<u>-</u>	<b>Total</b>	<u>151</u>	<u>-</u>	<u>151</u>

# Office of the Auditor General Cayman Islands

## Notes to the Financial Statements

### For the year ended 31 December 2025

(In Cayman Islands Dollars)

#### NOTE 4: RIGHT-OF-USE-ASSETS / LEASE LIABILITIES (CONTINUED)

##### Right-of-use assets

2024 Actual		2025 Actual	2025 Original/Final Budget	2025 Actual vs. Original Budget
\$000		\$000	\$000	\$000
-	Balance at start of the year	585	-	585
-	Additions in the year	-	-	-
-	Lease terminations in the year	-	-	-
-		585	-	585
-	Depreciation expense	(121)	-	(121)
-	<b>Total</b>	<b>464</b>	<b>-</b>	<b>464</b>

The right-of-use asset is depreciated on a straight-line basis over the lease term. The Office applies IPSAS 26 - Impairment of cash-generating assets on the Right-of-use asset, the same way as in property, plant and equipment. The right-of-use asset is depreciated on a straight-line basis over the lease term. The Office applies IPSAS 26 - Impairment of cash-generating assets to the right-of-use asset, in the same way as to property, plant and equipment.

##### Lease liability

2024 Actual		2025 Actual	2025 Original/Final Budget	2025 Actual vs. Original Budget
\$000		\$000	\$000	\$000
-	Balance at start of the year	588	-	588
-	Additions in the year	-	-	-
-	Lease terminations in the year	-	-	-
-	Interest expense	30	-	30
-		618	-	618
-	Repayments in the year	(139)	-	(139)
-	<b>Total</b>	<b>479</b>	<b>-</b>	<b>479</b>

The lease liability represents the present value of the Office's expected future lease payments to the Lessors. The discounting rate applied by the Office is 5.84% per annum, which is assumed to be a representative of the Cayman Islands Government's incremental borrowing rate. The leased assets assessed under this section are assumed to be of a similar class; hence, the application of a standard incremental borrowing rate.

**Office of the Auditor General Cayman Islands**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2025**  
(in Cayman Islands Dollars)

**NOTE 5: ACCOUNTS PAYABLE AND ACCRUALS**

<b>2024 Actual</b>		<b>2025 Actual</b>	<b>2025 Original/Final Budget</b>	<b>2025 Actual vs. Original Budget</b>
<b>\$000</b>		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
58	Trade creditors	73	60	13
33	Accruals	35	2	33
<b>91</b>	<b>Total</b>	<b>108</b>	<b>62</b>	<b>46</b>

**Explanation of major variances against the original budget and prior year actual:**

The increase in accounts payable and accruals was mainly attributable to the liability incurred for the Office’s custom-built computers, as discussed in Note 3 above.

**NOTE 6: EMPLOYEE ENTITLEMENTS**

<b>2024 Actual</b>	<b>Current employee entitlements are represented by:</b>	<b>2025 Actual</b>	<b>2025 Original/Final Budget</b>	<b>2025 Actual vs. Original Budget</b>
<b>\$000</b>		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
156	Annual leave	86	109	(23)
142	Time off in lieu	172	108	64
<b>298</b>	<b>Total employee entitlements</b>	<b>258</b>	<b>217</b>	<b>41</b>

**Explanation of major variances against the original budget and prior year actual:**

Total employee entitlements are below the prior year ended 31 December 2024, but exceeded the budget due to employees working more overtime hours this year. This additional effort aimed to reduce backlogged audits and complete current audits more promptly.

**Office of the Auditor General Cayman Islands**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2025**

(In Cayman Islands Dollars)

**NOTE 7: SURPLUS PAYABLE**

2024 Actual		2025 Actual	2025 Original/Final Budget	2025 Actual vs. Original Budget
\$000		\$000	\$000	\$000
1,953	Surplus payable	2,342	1,367	975
<b>1,953</b>	<b>Total</b>	<b>2,342</b>	<b>1,367</b>	<b>975</b>

**Explanation of major variances against the original budget and prior year actual:**

The Office made a surplus of \$393k in 2025 (2024: \$199k) and has an accumulated surplus of \$2.3 million (2024: \$1.9 million). In accordance with section 39(3) of the PMFA, the Office is required to repay the surplus generated to the Ministry of Finance. The Office will coordinate with the Ministry of Finance to settle the surplus payable in 2026.

**NOTE 8: CONTRIBUTED CAPITAL**

According to the accounting policies of the Cayman Islands Government, goods and services provided between core government entities do not incur a realisable charge. The Office was unable to estimate the fair value of contributed goods and services received during the year ended 31 December 2025 due to the lack of accounting systems to record the costs of these transactions in accordance with the accounting standards. As such, no amounts have been recorded in the financial statements for the years ended 31 December 2025 and 2024.

For example, services provided to the Office by the Cayman Islands Government include: human resource services, financial support services, legal services, computer hardware and systems support services, and software licensing fees.

**Office of the Auditor General Cayman Islands**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2025**  
(in Cayman Islands Dollars)

**NOTE 8: CONTRIBUTED CAPITAL (CONTINUED)**

<b>2024 Actual</b>		<b>2025 Actual</b>	<b>2025 Original/Final Budget</b>	<b>2025 Actual vs. Original Budget</b>
<b>\$000</b>		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
103	Opening net assets/equity 2004/05	103	103	-
404	Equity injections: 2004/05: \$222k 2005/06: \$ 5k 2007/08: \$177k	404	404	-
181	Contributed goods and services (2010/11)	181	181	-
<b>688</b>	<b>Total contributed capital</b>	<b>688</b>	<b>688</b>	<b>-</b>

**NOTE 9: REVENUE**

<b>2024 Actual</b>		<b>2025 Actual</b>	<b>2025 Original Budget</b>	<b>2025 Final Budget</b>	<b>2025 Actual vs. Original Budget</b>
<b>\$000</b>		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
	<b>Revenue</b>				
1,101	Audit services provided to Public Accounts Committee	954	1,248	1,464	(294)
3,147	Audit services provided to other government agencies	3,384	3,846	4,259	(462)
<b>4,248</b>	<b>Total revenue</b>	<b>4,338</b>	<b>5,094</b>	<b>5,723</b>	<b>(756)</b>

**Explanation of major variances against the original budget and prior year actual:**

Revenue from services to the PAC decreased as compared with the prior year and was below the budget for the year ended 31 December 2025. In 2025, some work did not progress as planned due to resource unavailability caused by other work commitments.

During the year ended 31 December 2025, revenue from services provided to other government agencies was below budget. This was due to delays in progressing the backlog of financial audits.

**Office of the Auditor General Cayman Islands**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2025**

(In Cayman Islands Dollars)

**NOTE 10: PERSONNEL COSTS**

<b>2024 Actual</b>		<b>2025 Actual</b>	<b>2025 Original Budget</b>	<b>2025 Final Budget</b>	<b>2025 Actual vs. Original Budget</b>
<b>\$000</b>		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
3,122	Salaries, overtime and allowances (including employee pension contributions)	3,048	3,518	3,638	(470)
347	Health insurance	338	462	519	(124)
142	Employer pension expense	141	173	197	(32)
10	Other personnel costs	(18)	21	51	(39)
<b>3,621</b>	<b>Total personnel costs</b>	<b>3,509</b>	<b>4,174</b>	<b>4,405</b>	<b>(665)</b>

**Explanation of major variances against the original budget and prior year actual:**

Personnel costs were \$470k below budget due to staff turnover and the fact that two Audit Project Leader positions were vacant during the year. The number of key management personnel decreased by one during the year because one Deputy Auditor General post was not filled following the departure of the former Auditor General. These occurrences resulted in a favourable variance of \$216k for key management personnel and \$257k for all other staff.

**Health insurance:** Health insurance benefits were \$124k below budget due to lower premiums, driven by employees' statuses not changing as anticipated (e.g., marital status) and the timing of staff turnover.

**Other personnel costs:** These relate to recruitment, freight, leave passages, and the movement of employee entitlements. The variance arose from higher employee entitlement usage of \$28k during the year, which was not budgeted for. Additionally, this was offset by lower-than-anticipated staff turnover costs for relocating personnel back to their home countries or bringing new employees to the Cayman Islands.

**Office of the Auditor General Cayman Islands**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2025**  
(in Cayman Islands Dollars)

**NOTE 11: OPERATING EXPENSES**

<b>2024 Actual</b>		<b>2025 Actual</b>	<b>2025 Original Budget</b>	<b>2025 Final Budget</b>	<b>2025 Actual vs. Original Budget</b>
<b>\$000</b>		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
123	Professional fees	65	155	173	(90)
46	Other goods and services	42	140	236	(98)
18	Travel and subsistence	33	34	37	(1)
117	Operating leases	31	228	318	(197)
-	Lease interest expense	30	-	-	30
18	Utilities	23	32	44	(9)
26	Software licensing fees	22	113	177	(91)
21	Audit fees	21	27	32	(6)
9	Training	16	45	75	(29)
11	Janitorial services	14	17	20	(3)
19	Computer and communication supplies	-	44	85	(44)
1	Legal fees	-	30	57	(30)
<b>409</b>	<b>Total operating expenses</b>	<b>297</b>	<b>865</b>	<b>1,254</b>	<b>(568)</b>

**Explanation of major variances against the original budget and prior year actual:**

**Professional Fees:** Professional fees were significantly below budget because the Office continued to use its staff rather than consultants to conduct performance audits.

**Other Goods and Services:** The cloud transition project accounted for \$40k of the budget, allocated to annual technical support. This project did not materialise in the financial years 2024 and 2025, which significantly contributed to the reported variance. Additionally, the budget included attractive assets, which were \$23k below budget. As noted in the computer and communication supplies below, because the cost of each computer exceeded the capitalisation threshold, the cost was capitalised and included in the work-in-progress, as noted in Note 3.

# Office of the Auditor General Cayman Islands

## Notes to the Financial Statements

### For the year ended 31 December 2025

(In Cayman Islands Dollars)

#### NOTE 11: OPERATING EXPENSES (CONTINUED)

##### **Explanation of major variances against the original budget and prior year actual (Continued):**

**Operating Lease:** Lease expenses were \$197k under budget as a result of implementing *IPSAS 43 – Leases*, which required the entity to recognise right-of-use assets and corresponding lease liabilities. Accordingly, the \$139k lease payments were charged against the lease liability and the corresponding lease interest expense. The current-year operating leases of \$31k are for a short-term lease of office parking space, which falls under the exception in *IPSAS 43*. In addition, the 2024-2025 budget was prepared before the new lease was finalised; the negotiated amount was lower than the budgeted amount.

**Lease interest expense:** As mentioned in the operating lease above, in accordance with the implementation of *IPSAS 43 – Leases*, the Office recognised right-of-use assets and corresponding lease liabilities. As a result, a lease interest expense of \$30k was recorded during the year.

**Software and Licensing fees:** The cloud transition project accounted for \$60k of the annual budget. This project did not materialise in the financial years 2024 and 2025, which contributed significantly to the reported variance.

**Training:** Training expenses were below budget because the Office delivered more in-house training than anticipated during the year ended 31 December 2025.

**Computer and communication supplies:** The budget included attractive assets to replace staff computers. The Office used the full amount during the year; however, as the cost of each computer exceeded the capitalisation threshold, the cost was capitalised and included in the work-in-progress, as noted in Note 3.

**Legal Fees:** Legal fees were under budget because no matters requiring legal advice were identified in the year ended 31 December 2025.

**Office of the Auditor General Cayman Islands**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2025**  
(in Cayman Islands Dollars)

**NOTE 12: COMMITMENTS**

The Office has a non-cancellable accommodation lease with Beaufort Investments Ltd. for leased premises on the third floor at Anderson Square, Shedden Road, George Town. The Office signed a 5-year lease agreement effective from 1 November 2024 and expiring on 31 October 2029.

The Office also signed 1-year non-cancellable parking spaces at Piccadilly Car Park Centre Ltd. from 1 November 2024. This contract expired in October 2025, and the Office is now on a month-to-month basis while it negotiates a reduced cost.

2024 Actual \$000		One year or less \$000	One to five years \$000	Over five years \$000	2025 Total \$000
695	Non-cancellable accommodation lease	139	393	-	532
-	Non-cancellable contracts for property, plant, and equipment	18	-	-	18
<b>695</b>	<b>Total Commitments</b>	<b>157</b>	<b>393</b>	<b>-</b>	<b>550</b>

**NOTE 13: CONTINGENT LIABILITIES**

At 31 December 2025, there are no quantifiable or non-quantifiable contingent liabilities (31 December 2024: no contingent liabilities).

**NOTE 14: RECONCILIATION OF NET SURPLUS TO CASH FLOWS GENERATED FROM / PROVIDED BY OPERATING ACTIVITIES**

2024 Actual \$000		2025 Actual \$000	2025 Original/Final Budget \$000	2025 Actual vs. Original Budget \$000
199	Net surplus	393	34	359
	<b>Non-cash movements</b>			
19	Depreciation	139	21	118
7	Prior period adjustment	(6)	-	(6)
1	Loss on disposals of property, plant and equipment	-	-	-
37	Increase in payables/accruals	17	42	(25)
6	Increase/(decrease) in other current liabilities	(40)	-	(40)
343	(Increase)/decrease in receivables	(97)	(185)	88
7	(Increase)/decrease in prepayments	(3)	-	(3)
<b>619</b>	<b>Net cash flows from operating activities</b>	<b>403</b>	<b>(88)</b>	<b>491</b>

# Office of the Auditor General Cayman Islands

## Notes to the Financial Statements

### For the year ended 31 December 2025

(In Cayman Islands Dollars)

#### NOTE 15: RELATED PARTY TRANSACTIONS

The Office is controlled by the Cayman Islands Government; therefore, government ministries, portfolios, statutory authorities, government companies, and other government offices are considered related parties. As indicated in the Government's approved 2024–2025 Budget Statements, there were no inter-agency charges between core government entities, except for revenue from audit services. As a result, the Office was unable to make an estimate of the fair value of contributed goods and services received for the 2025 and 2024 fiscal years, as described in Note 8.

As at 31 December 2025, there were three senior managers in the Office (31 December 2024: 4). Remuneration includes regular salary, pension contributions, health insurance contributions, acting and duty allowance, mobile phones, and motor car upkeep. Total remuneration for senior management for the year ended 31 December 2025 was \$613k (31 December 2024: \$757k). No loans were made to key management personnel or their close family members in 2025 (2024: none).

#### NOTE 16: FINANCIAL RISK MANAGEMENT

The Office is exposed to a variety of financial risks, including credit risk and liquidity risk. The Office's risk management policies are designed to identify and manage these risks, to set appropriate risk limits and controls, and to monitor risks and adhere to limits through up-to-date and reliable information systems. These risks are managed as required by the Financial Regulations (2022 Revision).

#### CREDIT RISK

Credit risk is the risk that a counterparty will default on its contractual obligations, resulting in financial loss for the Office. Financial assets that potentially expose the Office to credit risk include cash and cash equivalents and accounts receivable.

The Office is exposed to potential losses if the counterparty to the bank balances fails to repay. All bank balances are held with a single financial institution in the Cayman Islands, which management considers financially secure and well-managed. Royal Bank of the Caribbean (RBC) is the Office's main bank with an S&P Global Ratings of AA-.

The Office is also exposed to a significant concentration of credit risk in relation to accounts receivable, all of which are due from other Government entities. No credit limits have been established. As at 31 December 2025 and 2024, no provision for doubtful debts has been established as none of these assets are impaired and management considers these debts to be recoverable in full. Notwithstanding the concentration risk related to accounts receivable, management does not consider the Office to be exposed to significant credit risk, as all counterparties are other government entities and the Cayman Islands Government is rated Aa3 with a stable outlook by Moody's.

**Office of the Auditor General Cayman Islands**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2025**  
(in Cayman Islands Dollars)

**NOTE 16: FINANCIAL RISK MANAGEMENT (CONTINUED)**

**CREDIT RISK (CONTINUED)**

The average credit period on sales is 30 days. The carrying amount of financial assets recorded in the financial statements represents the Office's maximum exposure to credit risk. No collateral is required from debtors.

**LIQUIDITY RISK**

Liquidity risk relates to the Office's ability to meet its payment obligations associated with its financial liabilities when they are due.

The ability of the Office to meet its debts and obligations is dependent upon its ability to collect the debts outstanding on a timely basis. Management manages liquidity risk through monitoring cash flows from debtors, paying creditors on their due dates, and if the circumstances required it to obtain funding from Government to temporarily fund any shortfalls the Office would have its own cash flows. As at 31 December 2025 and 2024, all of the financial liabilities were due within three months of the year-end dates.

**NOTE 17: FINANCIAL INSTRUMENTS – FAIR VALUES**

As at 31 December 2025 and 2024, the carrying values of cash and cash equivalents, accounts receivable, other receivables, accounts payable and accruals, employee entitlements, lease liabilities, and surplus payable upon demand approximate their fair values due to their short-term maturities.

Fair value estimates are made at a specific point in time, based on market conditions and the information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

**NOTE 18: CHANGES TO THE BUDGET**

The Office carried forward its unused budget for the year ended 31 December 2024 expenses to the year ended 31 December 2025 as allowed under IPSAS 24. The carry forward resulted in increased 2025 budget amounts for personnel costs by \$231k, operating expenses by \$397k, and depreciation by \$1k.

**NOTE 19: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were approved. No material events have occurred which necessitate additional disclosure.

## APPENDIX 1 – PUBLIC BODIES AUDITED BY THE AUDITOR GENERAL

Under the *Public Management and Finance Act*, the Auditor General is responsible for carrying out the audits of all public bodies. The Office relies on the work performed by private sector audit firms for a number of its financial statements audits. The following list provides details about who carried out the audits during 2025 for the financial statements' audits ending 31 December 2024.

The public bodies named below are the core government entities as at 31 December 2024.

	Public body	Auditor
	<b>Ministries, Portfolios and Offices</b>	
1.	Cabinet Office	OAG
2.	Cayman Islands Parliament	OAG
3.	Judicial Administration	OAG
4.	Ministry of Border Control, Labour and Culture	OAG
5.	Ministry of District Administration and Lands	OAG
6.	Ministry of Education	OAG
7.	Ministry of Finance and Economic Development	OAG
8.	Ministry of Financial Services and Commerce	OAG
9.	Ministry of Health and Wellness*	OAG
10.	Ministry of Home Affairs	OAG
11.	Ministry of Investment, Innovation and Social Development*	OAG
12.	Ministry of Planning, Agriculture, Housing, Transport, Infrastructure and Development	OAG
13.	Ministry of Sustainability and Climate Resiliency*	OAG
14.	Ministry of Tourism and Ports	OAG
15.	Ministry of Youth, Sports and Heritage	OAG
16.	Office of the Director of Public Prosecutions	OAG
17.	Office of the Ombudsman	OAG
18.	Office of the Police Commissioner	OAG
19.	Portfolio of the Civil Service	OAG
20.	Portfolio of Legal Affairs	OAG
	<b>Statutory Authorities and Government Companies</b>	
21.	Auditors Oversight Authority	OAG
22.	Cayman Airways Limited	Grant Thornton

	<b>Public body</b>	<b>Auditor</b>
23.	Cayman Islands Airport Authority	OAG
24.	Cayman Islands Development Bank	OAG
25.	Cayman Islands Monetary Authority	OAG
26.	Cayman Islands National Insurance Company	KPMG
27.	Cayman Islands National Attractions Authority	OAG
28.	Cayman Islands National Museum	OAG
29.	Cayman National Cultural Foundation	OAG
30.	Cayman Islands Stock Exchange Ltd.	Baker Tilly
31.	Cayman Turtle Conservation and Education Centre Limited	Grant Thornton
32.	Children & Youth Services Foundation	OAG
33.	Civil Aviation Authority	OAG
34.	Health Services Authority	OAG
35.	Maritime Authority of the Cayman Islands	Baker Tilly
36.	National Drug Council	OAG
37.	National Gallery of the Cayman Islands	OAG
38.	National Housing Development Trust	OAG
39.	National Roads Authority	OAG
40.	Port Authority of the Cayman Islands	OAG
41.	Public Service Pensions Board	OAG
42.	Segregated Insurance Fund	OAG
43.	Sister Islands Affordable Housing Development Corporation	OAG
44.	University College of the Cayman Islands	OAG
45.	Utility Regulation and Competition Office	OAG
46.	Water Authority of the Cayman Islands	Baker Tilly
47.	<b>Entire Public Sector</b>	OAG

*Note: \*The Government reorganised effective 1 July 2025. As a result of the reorganisation, the Ministries of District Administration and Lands, Home Affairs and Sustainability and Climate Resiliency were discontinued. In addition, the Ministry of Border Control, Labour and Culture became the Ministry of Caymanian Employment & Immigration; the Ministry of Education became the Ministry of Education and Training; the Ministry of Health and Wellness became the Health, Environment and Sustainability; the Ministry of Investment, Innovation and Social Development became the Ministry of Social Development & Innovation; the Ministry of Planning, Agriculture, Housing, Transport, Infrastructure and Development became the Ministry of Planning, Lands, Agriculture, Housing and Infrastructure; the Ministry of Tourism and Ports became the Ministry of Tourism & Trade Development; and the Ministry of Youth, Sports and Heritage became the Ministry of Youth, Sports, Culture and Heritage. The Government also created a new Ministry, the Ministry of District Administration and Home Affairs.*

## APPENDIX 2 – SUMMARY OF REPORTS ISSUED TO THE PAC AND IN PROGRESS IN 2025

### Reports issued during 2025

Reports Issued	Date of Issue	Summary
The Integrated Solid Waste Management System for the Cayman Islands (ReGen) – as at October 2021	January 2025	This performance audit reviewed the project agreement for the proposed Integrated Solid Waste Management System for the Cayman Islands (ReGen) the Government signed in March 2021.
Improving Financial Accountability and Transparency: Long-Term Financial Sustainability	February 2025	The report was the third in a series assessing how effective the Government is at budgeting and financial management and reporting, to enhance transparency, accountability and long-term financial sustainability. The report focused on long-term financial sustainability.
Financial Reporting of the Cayman Islands Government: General Report 31 December 2024	October 2025	This compendium report summarised the results of the audits and financial performance of the 39 public sector entities for 2024, audited by 10 September 2025.

### Reports in progress as at 31 December 2025

Reports in Progress	Summary	Progress at 31 December 2025
Affordable Housing	This audit will assess the Government’s approach to improving access to affordable housing.	Reporting phase. We aim to issue the report in Q2 2026.
George Town Revitalisation Initiative (GTRI)	This performance audit will assess the GTRI’s governance arrangements, project management and delivery to cost, time and quality.	Examination phase. We aim to issue the report in Q2 2026.
Public interest report on public sector remuneration	The public interest report will present information about the remuneration of public servants.	Examination phase. We aim to issue the report in Q1 2026.
Grants to Non-Government Organisations (NGOs)	The audit will assess the effectiveness of the Government’s approach in awarding and managing grants to NGOs.	Examination phase. We aim to issue the report in Q2 2026.
Governance in Statutory Authorities and Government Companies (SAGCs)	This audit will examine the effectiveness of governance arrangements in SAGCs.	Examination phase. We aim to issue the report in Q2 2026.
Efficiency and effectiveness of OfReg	This performance audit will assess OfReg’s efficiency and effectiveness. It will follow-up on the implementation of previous recommendations made by the OAG and PAC in 2020 because the Government has yet to formally provide an update on these.	Examination phase. We aim to issue the report in Q3 2026.

## APPENDIX 3 – OUTPUTS DELIVERED

The outputs delivered in 2025 to the PAC as per the Budget Statement for the OAG.

ADO 2	Services to the Parliament and its Committees		
<b>Related Broad Outcome:</b>			
Stable, Effective and Accountable Government			
<b>Description</b>			
Audit reports and advice to the Public Accounts Committee (PAC) and other Parliament Committees.			
<b>Measures</b>	<b>2025 Actual</b>	<b>2025 Budget</b>	<b>2024 Actual</b>
<b>Quantity</b>			
<ul style="list-style-type: none"> <li>Number of reports issued to the Parliament</li> <li>Number of audits in progress / partial reports at year end</li> </ul>	3 6	3-5 2-3	4 7
<b>Quality</b>			
<ul style="list-style-type: none"> <li>Issued reports are reviewed and signed off by Deputy Auditor General and Auditor General</li> <li>Request client's comments on the draft reports and amend the final report if necessary</li> <li>Report recommendations are endorsed by the PAC</li> <li>Report recommendations are accepted by the client</li> </ul>	100% 100% 100% 100%	100% 100% 90-100% 75-100%	100% 100% 100% 100%
<b>Timeliness</b>			
<ul style="list-style-type: none"> <li>Auditor General reports become public documents within two weeks of submission to the Speaker of the Parliament.</li> <li>All reports are publicly available through the website within two days after becoming a public document.</li> </ul>	100% 100%	80-100% 100%	100% 100%
<b>Location</b>			
Cayman Islands: Office of the Auditor General, 3 <sup>rd</sup> Floor Anderson Square, George Town, and Client premises (local & international)	100%	100%	100%
<b>Cost (of producing the Output)</b>	<b>\$954,000</b>	<b>\$1,192,800</b>	<b>\$1,100,767</b>
<b>Price (paid by PAC for the output)</b>	<b>\$954,000</b>	<b>\$1,192,800</b>	<b>\$1,100,767</b>



## **Contact us**

### Physical Address:

3rd Floor Anderson Square  
64 Shedden Road, George Town Grand Cayman

### Business hours:

8:30am - 5:00pm

### Mailing Address:

Office of the Auditor General  
P. O. Box 2583 Grand Cayman KY1- 1103  
CAYMAN ISLANDS  
Email: [auditorgeneral@oag.gov.ky](mailto:auditorgeneral@oag.gov.ky)  
T: (345) 244 3222 Fax: (345) 945 7738

## **Complaints**

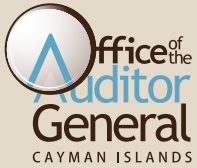
To make a complaint about one of the organisations we audit or about the OAG itself, please contact Katrina Taylor at our address, telephone or fax number or alternatively email: [katrina.taylor@oag.gov.ky](mailto:katrina.taylor@oag.gov.ky)

## **Freedom of Information**

For freedom of information requests please contact Katrina Taylor at our address, telephone or fax number. Or alternatively email: [foi.aud@gov.ky](mailto:foi.aud@gov.ky)

## **Media enquiries**

For enquiries from journalists please contact Patrick Smith at our phone number or email: [Patrick.Smith@oag.gov.ky](mailto:Patrick.Smith@oag.gov.ky)



March 2026